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U.S. War Industries Board

Munitions industry

Washington

1935

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MUNITIONS INDUSTRY

MINUTES

OF THE

WAR INDUSTRIES BOARD

FROM AUGUST 1, 1917, TO DECEMBER 19, 1918

Printed for the use of the
Special Committee Investigating the Munitions Industry

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1935

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LETTER OF CERTIFICATION

UNITED STATES OF AMERICA,
WAR DEPARTMENT,
Washington, May 4, 1935.

I HEREBY CERTIFY that the attached papers are true copies of records of the War Department as contained in the files of the War Industries Board, on file in the office of The Assistant Secretary of War, Washington, D. C.

HARRY B. JORDAN,
Colonel, Ordnance Department,
Custodian of Records, War Industries Board.

I HEREBY CERTIFY that Colonel Harry B. Jordan, who signed the foregoing certificate, is the Custodian of Records of the War Industries Board, and that to his certification as such full faith and credit are and ought to be given.

IN TESTIMONY WHEREOF I, George H. Dern, Secretary of War, have hereunto caused the seal of the War Department to be affixed and my name to be subscribed by the Assistant Chief Clerk of the said Department, at the City of Washington, this Fourth day of May 1935.

[SEAL]

GEO. H. DERN,
Secretary of War.
By F. M. HOADLEY,
Assistant Chief Clerk.

EXPLANATORY NOTE

This volume was printed from certified copies of the original War Industries Board minutes which were supplied to the committee by the War Department. All typographical and grammatical errors, breaks in continuity of the text, and mistakes and omissions in the index are printed exactly as they occurred in the copies. The committee finds that it is beyond its province to incorporate such corrections.

FOREWORD

VERBATIM EXCERPT FROM MINUTES OF MEETING OF THE COUNCIL OF NATIONAL DEFENSE, HELD SATURDAY, JULY 28TH, 1917

The Council of National Defense today decided, with the approval of the President, to create a small body to be known as the War Industries Board. The War Industries Board, in addition to other duties, will assume those formerly discharged by the General Munitions Board. The new Board will be composed of seven members, working under the direction and control of the Council of National Defense and responsible through it to the President. Its members will be direct representatives of the Government and of the public interests. It will be composed of Mr. F. A. Scott, Chairman, Lieutenant Colonel Palmer E. Pierce, representing the Army, Rear Admiral Frank F. Fletcher, representing the Navy, Mr. Hugh Frayne, Mr. B. M. Baruch, Mr. Robert S. Brookings, and Mr. Robert S. Lovett.

The Board will act as a clearing house for the war industry needs of the Government, determine the most effective ways of meeting them and the best means and methods of increasing production, including the creation or extension of industries demanded by the emergency, the sequence and relative urgency of the needs of the different Government services, and consider price factors, and, in the first instance, the industrial and labor aspects of problems involved, and the general questions affecting the purchase of commodities.

Of this Board, Mr. Baruch will give his attention particularly to raw-materials, Mr. Brookings to finished products, and Mr. Lovett to matters of priority. These three members in association with Mr. Hoover so far as foodstuffs are involved, will constitute a commission to arrange purchases in accordance with the general policies formulated and approved.

The Council of National Defense and the Advisory Commission will continue unchanged and will discharge the duties imposed upon them by law. The Committees heretofore created immediately subordinate to the Council of National Defense, namely, Labor Transportation and Communication, Shipping, Medicine and Surgery, Women's Defense Work, Cooperation with State Councils, Research and Inventions, Engineering and Education, Commercial Economy, Administrations and Statistics, and Inland Transportation—will continue their activities under the direction and control of the Council. Those whose work is related to the duties of the War Industries Board will cooperate with it. The subcommittees advising on particular industries and materials, both raw and finished, heretofore created will also continue in existence, and be available to furnish assistance to the War Industries Board.

The purpose of this action is to expedite the work of the Government, to furnish needed assistance to the Departments engaged in making War purchases, to devolve clearly and definitely the important tasks indicated upon direct representatives of the Government not interested in commercial and industrial activities with which they will be called upon to deal, and to make clear that there is total disassociation of the industrial committees from the actual arrangements of purchases on behalf of the Government. It will lodge responsibility for effective action as definitely as is possible under existing law. It does not minimize or dispense with the splendid service which representatives of industry and labor have so unselfishly placed at the disposal of the Government.

MINUTES OF THE WAR INDUSTRIES BOARD

1 **Minutes of Meeting of War Industries Board held Wednesday, August 1st, 1917, at 2:00 o'clock P. M., in Room 945, Munsey Bldg.**

The following were present: Mr. F. A. Scott, chairman; Mr. B. M. Baruch; Mr. R. S. Brookings; Rear Admiral F. F. Fletcher; Mr. Hugh Frayne; Judge R. S. Lovett; Col. Palmer E. Pierce.

The meeting having been called to order by the Chairman, it was moved and carried that a Secretary be appointed, whereupon, upon motion duly made and seconded, Mr. Henry P. Bingham was unanimously elected Secretary.

A statement of the action of the Council of National Defense, creating this Board, as shown by the minutes of the Council meeting of July 28th, 1917, was read.

British—Need to purchase military necessities.—A communication from the British War Mission expressing their immediate need for purchasing certain military necessities was presented and it was the sense of the Board that Allied purchases for military necessities should be on the same basis as purchases for the military necessities of this country.

Powers of Board.—It was felt necessary, in order to handle the situation brought up by the British Mission, to ascertain the powers of the Board to regulate prices and to deal with the Allied Governments. An engagement was accordingly made with the Chairman of the Council of National Defense for a meeting between
2 that body and this Board at 5:30 P. M. today.

Artillery Forgings.—To deal with the question of artillery forgings referred to the Board by the Secretary of War, the following motion was duly made and carried:

That the Chairman be authorized to report to the Secretary of War that it is the opinion of this Board that a deficiency should be authorized sufficient to buy the gun forgings mentioned in the communication to the War Industries Board by the Secretary of War under date of July 28th.

General Munitions Board.—The Chairman then outlined to the Board the various work of the General Munitions Board, which is now proceeding, and was instructed to have this work carried forward by the several agencies which have been performing it until further action by this Board.

The meeting adjourned at 5:15 P. M.

(Sgd.) H. B. BINGHAM, *Secretary.*

3 **Minutes of Meeting held Wednesday, August 1st, 1917, at 5:30 o'clock P. M., in the Office of the Secretary of War**

Present: The Council of National Defense. The War Industries Board: Mr. Frank A. Scott, Chairman; Mr. B. M. Baruch; Mr. R. S. Brookings; Rear Admiral F. F. Fletcher; Judge R. S. Lovett; Col. Palmer E. Pierce; Mr. H. P. Bingham, Secretary.

The Council of National Defense being convened invited the War Industries Board into its meeting.

Mr. Scott, in part, stated that the War Industries Board, while considering the instructions of the Council of National Defense creating that body, were called upon by Lord Northcliff and other members of the British War Mission and were asked to confer with them relative to the purchases which, because of military necessity, the British must make in this country, and, therefore, the Board desired to know whether they had power to act in this matter with particular reference to the fixing of prices.

The Secretary of War said that the powers given the Board were stated in a broad way for two reasons:

4 1st: That conditions moved so rapidly that it was felt that broad phrases might create in the Board a more workable organization:

2nd: The Council realizes that the entire question of industry is involved, and, therefore, no specific instructions could be stated.

The Secretary of War said that the Council had not anticipated that a foreign power would ask the Board for a coordination of purchases, but that, since the Board had been consulted in this way, it automatically becomes a part of the work of the Board to handle this subject. This was concurred in by the Council as a whole.

Mr. Scott said that if the British now place contracts as they contemplate they will preempt the market in certain materials and will pay a price very much higher than should be permitted, and that this will further disorganize business. It will therefore be necessary to fix a price for them, or permit them to buy, the price to be arranged later.

The Secretary of War stated that the President wished this Board to carry on the work of arranging for the purchasing of the military needs of the United States, and that while the Secretary of War and the Secretary of the Navy are legally responsible for all purchases made for their respective Departments, they are prepared to accept the recommendations of this Board in respect thereto.

The Secretary of War stated that the Council felt it necessary that the Allies purchase at the same price as ourselves, provided this action on the part of the United States was reciprocated by the English and also that like reciprocal action on the part of all

5 the Allies was brought about.

The Secretary of War stated in connection with the selling of material to the Allies that if the producers in this country were not inclined to accept the rulings of price decided upon by the War Industries Board as being proper, he would not hesitate to commandeer the necessary material and would, in turn, sell it to the Allies at cost.

The Secretary of Commerce said that the Exports Council with its powers to regulate exports, would work in close harmony with the War Industries Board and suggested that the Board call upon it for assistance whenever necessary.

The Secretary of Agriculture stated that priority entered strongly into these questions and that the War Industries Board is the best fitted to undertake the settlement of these questions.

Mr. Scott stated that the War Industries Board would proceed to negotiate with the British and would bring the negotiations up to the point of settlement but would not act except through the Council.

The Secretary of War asked that the Board ascertain from the British War Mission whether the present cooperation on their part is to be a continued policy or simply an act to cover the present emergency.

Further he stated that it was the desire of the Council that the War Industries Board fix prices to cover emergencies and that these prices would be accepted by the Council, but that the final price policy would be determined later.

(Sgd.) H. P. BINGHAM.

6 **Minutes of Meeting of War Industries Board held Thursday, August 2nd, 1917, at 10 o'clock A. M., in Room 945, Munsey Building**

The following were present: Mr. B. M. Baruch; Judge R. S. Lovett; Mr. R. S. Brookings; Mr. F. A. Scott, Chairman; Mr. H. P. Bingham, Secretary; also Sir Charles Gordon; Mr. R. H. Brand.

British—Need to Purchase military necessities.—Sir Charles stated that the question of a central buying agency for the Allies was now under discussion and that proposals for the form this was to take had been presented to the British War Mission and that the matter was still under consideration.

Mr. Scott stated that it must be clearly understood that this discussion should cover the Military needs only.

Sir Charles said that his Mission had power to bind only England and did not include the power to bind Canada or any other of

7 the British colonies. He further stated that he felt sure that indirectly they could control the actions of Canada.

Mr. Scott stated that first the Board must have a list of the quantities of material now required by England and when this material was needed. He said that the Exports Council can stop any shipment to neutrals or otherwise so that if no agreement is reached, the United States still has power to regulate Allied purchases through the powers of the Exports Council.

Mr. Scott stated that there seemed to be some slight misunderstanding in regard to a central agency in England which was reported as allotting all Allied requirements according to existing facilities for production.

Mr. Brand said that the steel production of England, for example, controls all purchases of steel which is manufactured

8 in England but not outside of England.

It was clearly brought out by Sir Charles that the needs of the Allies have never been coordinated for purchase in the United

States and that the Inter-ally Commission established for that purpose in England has not worked out at all well. Sir Charles further stated that England is willing to have the purchase of their requirements of steel, copper, etc., as outlined in a recent communication presented to the Board, controlled by the War Industries Board.

Upon being asked by Mr. Scott to furnish the Board with memoranda setting forth their immediate requirements, Sir Charles and Mr. Brand left the meeting.

Office Space.—It was moved by Judge Lovett and seconded by Mr. Baruch that the securing of sufficient office space for the carrying on of the work of the War Industries Board was a matter that required immediate action and that Mr. Scott be requested to secure such space at the earliest possible moment. This motion was unanimously adopted.

Allied Purchases.—It was moved, seconded, and duly carried that Mr. Baruch continue the handling of those Allied purchases which he has already undertaken until an organization to take over this work has been built up.

The meeting adjourned at 11:30 A. M.

(Sgd.) H. P. BINGHAM, *Secretary.*

9 **Minutes of the Meeting of the War Industries Board, held Friday, August 3rd, 1917, at 9:30 o'clock A. M., in 945 Munsey Building**

Present: Mr. F. A. Scott, Chairman; Mr. B. M. Baruch; Mr. R. S. Brookings; Mr. R. S. Lovett; Colonel Palmer E. Pierce; Mr. H. P. Bingham, Secretary.

National Army—Equipment.—After a discussion regarding the equipment of the National Army for mobilization September 1 wherein the fact was brought out that by procuring certain supplies not entirely conforming to the Government specifications, the conscripts could be sufficiently equipped, the following motion was duly made, seconded, and unanimously adopted:

That the War Industries Board recommends that authority be given its Committee on Supplies to arrange for and expedite purchases of such articles of proper commercial grades, but not necessarily conforming to the Army specifications in such amounts as may be necessary to carry on to completion the Government's plan for the equipment of drafted men who are to be called to the colors between this date and January 1, 1918

It was ordered that this action of the Board be presented to the Chief of Staff.

Cantonment Construction—Progress of Construction.—A report from the Committee on Emergency Construction of buildings
10 and engineering works giving the percentage of completion to which the sixteen National Army Cantonments had reached on July 28th was presented for the information of the Board.

Submarine Situation.—At this point Major Abraham and Major Fabri, of the French Mission, entered the meeting and explained the supreme importance of the United States lending its utmost efforts toward the suppression of the submarine, and stated that in the opinion of the French Mission it was far more necessary to supply France with munitions material, particularly coal and steel, than it was to

provide them with food. The members of the French Mission then retired from the meeting.

Lead.—Mr. Baruch presented the fact that the British Government desired to buy 2,500 tons of lead and that they had been offered this lead at 10½¢. The question arose as to whether they should be allowed to purchase lead at the same price the United States Government was purchasing it, namely, 8¢. It was the opinion of the Board that it should not force the lead producers of this country to sell to England at the same price for the present, as it is understood that England is paying the Canadian producers a price of 12¢. Since the need for this lead was not considered to be immediate, the subject was passed for the time being.

Steel—Barrel—Crucible Steel Company.—At this point, Mr. Brown, Vice President of the Crucible Steel Company, and another representative entered the meeting. Mr. Baruch retired from the meeting and Mr. L. L. Summers was invited in. The question as to the Crucible Steel Company's attitude in the matter of furnishing barrel steel to this Government was discussed. Mr. Brown stated that his company is unable to furnish the quantity of this steel desired, because of other orders they have from the United States Government. They can, however, furnish a part of the needed quan-
11 tity, but were unable to say what proportion due to difficulty in their plant in producing this type of steel. Mr. Scott presented letters from the Crucible Steel Company showing the lack of the spirit of cooperation that Company had shown in relation to the question of gun forgings and clearly brought before the meeting the feeling which the contracting officers in Washington had relative to the lack of cooperation shown on the part of that Company. Mr. Brown denied all such allegations, and said that the Midvale Steel company should divide the barrel steel order with them. It was the opinion of the Board that they should take what tonnage they are able and that arrangements could be made with Midvale later. The question as to the possibility of the Crucible Steel Company accepting an order for this steel at a tentative price, subject to revision upward or downward, arose and it was brought to Mr. Brown's attention that the commandeering of their plant would be the result of any decided opposition on their part.

Upon being asked what tonnage and what deliveries the capacity of their plant would permit, Mr. Brown said that he could not answer now, but probably would be able to on Wednesday next, and that he had no objection to having an engineer and an Ordnance Officer investigate with him the figures which he would submit. Mr. Brown thereupon was asked to appear before the Board on Wednesday with the necessary figures.

The meeting adjourned at 1:15 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

12 **Minutes of Meeting of War Industries Board held Friday, August 3rd, 1917, at 3 P. M., in the Munsey Building**

Present: Mr. F. A. Scott, Chairman; Judge R. S. Lovett; Mr. R. S. Brookings; Col. Palmer E. Pierce; Mr. H. P. Bingham, Secretary.

War Industries Board—Needed Information.—Upon motion by Mr. Brookings, seconded by Judge Lovett, the following resolution was unanimously adopted:

WHEREAS Many members of this Board have absolutely no information as to the condition of the numerous responsibilities it has taken over and assumed: now, therefore

RESOLVED That the Chairman be requested to lay before the Board at its regular meeting Wednesday, August 8th, the following information:

1st: A list of the Committees and their personnel who are in any way connected with the purchase of finished products or raw material for the war needs of the Army and Navy, including such Committee or Committees as have any jurisdiction over matters of priority.

2nd: A statement showing the war needs of the Army and Navy as presented and recorded by the heads of the responsible departments in as much detail as possible showing dates of requisition, etc., etc.

13 3rd: A statement showing the extent to which said war needs have been covered by contract, the terms of said contracts and their status at this time as to deliveries and what follow-up system, if any, has been adopted.

4th: A statement showing the various negotiations with the steel or other industries from whom this Board is expected to make purchases and the present status of such negotiation.

It was ordered that a copy of this resolution be submitted to the Chief of each Governmental Department connected with the work of the War Industries Board.

Shipping—Return of Troop Ships.—A communication from Mr. Gifford dated August 3rd, relative to the desirability of troop ships returning to this country loaded or in ballast, was presented and referred to Colonel Pierce for investigation and report.

Special Meeting—Commanders of all Departments.—It was the opinion of the Board that it would be advisable in order to firmly establish the position of the War Industries Board with the various divisions of the War and Navy Departments, to hold a meeting with the Commanders of all of those Divisions, where the status of this Board could be clearly explained to them. It was likewise suggested that the Secretary of War and the Secretary of the Navy should issue the necessary orders to their Divisions covering the situation.

The meeting adjourned at 4:30 p. m.

(Sgd.) H. P. BINGHAM, *Secretary.*

14 **Minutes of Meeting of War Industries Board held Monday, August 6, 1917, at 11 A. M., in Room 945, Munsey Building**

Present: Mr. F. A. Scott, Chairman; Col. P. E. Pierce; Mr. B. M. Baruch; Judge R. S. Lovett; Mr. R. S. Brookings; Mr. H. P. Bingham, Secretary; also Sir Charles Gordon; Mr. R. S. Brand.

British Requirements.—Sir Charles Gordon called attention to the 2,500 tons of brass rods and the 15,000 tons of copper needed by the British for August delivery, which requirements were covered in his letter to the War Industries Board dated August 6th.

Sir Charles stated relative to the brass rods that what he particularly wished for was that this Board arrange to furnish the copper and spelter at a price to the manufacturers who were to supply this material.

At this point Sir Charles and Mr. R. S. Brand retired from the meeting to permit of further consideration of this question by the members of the Board.

15 Mr. Baruch brought up the fact that the French were now in the market for 12,000 tons of copper for August shipment and that this, together with the British immediate needs for copper, made a total of approximately 60,000,000 pounds.

It was the sense of the Board that it would be advisable to call together the copper producers for a conference, bearing in mind that they had made a firm offer for copper to the United States Government at a price of 25¢ per pound.

Mr. Baruch brought out the fact that the copper people had been liberal and that the present situation was brought about through no fault of theirs, but was due to the delay in decision of the Government as to the proper price that should be paid.

It was the unanimous decision of the Board that the copper producers should be called together and a price of 20¢ per pound offered them for the 60,000,000 pounds needed by the French and British Governments above referred to, to be a tentative price only, subject to revision upward or downward when the final price could be arranged, and that it should be clearly understood that this price should in no way be considered a precedent when fixing the final price, and should the copper interests be unwilling to accept this price, the Board should take the necessary steps toward commandeering the copper.

At this point Sir Charles Gordon and Mr. R. S. Brand reentered the meeting.

16 The British representatives were thereupon informed of the Board's intended action and were told that Mr. Baruch will secure action probably Tuesday, August 7th. They were likewise told that they might purchase the 2,500 tons of brass rods at the prices quoted them, subject to a revision in the price to the amount of the reduction at which the copper could be replaced, at the price which was to be fixed and available for the British.

Sir Charles thereupon read a copy of a cable which he had sent on August 3rd to the Ministry of Munitions in London relative to the powers of this Board and the negotiations he was carrying on with this Board. This wire is herewith made a matter of record and is attached to the minutes. (See next page.)

16a [COPY OF CABLEGRAM]

BRITISH WAR MISSION,
Washington, D. C., August 3, 1917.

MINISTRY OF MUNITIONS, *London.*
49295.

Lord Northcliffe, Braud, and I interviewed new War Industries Board yesterday, and also had meeting with Crosbie, Assistant Secretary of Treasury, in conjunction with the representatives of other Allied Missions. Braud and I again interviewed War Industries Board this morning. All these meetings concerned the proposed American Purchasing Commission and questions of prices and priorities for Allies, and as result situation is considerably clearer.

Crosbie made clear that U. S. Government laid great stress on earliest possible introduction of system by which Allied purchases should be made through American Purchasing Commission. He urged this was greatly in the interests of Allies, as it was only means by which U. S. Government could help to secure them reasonable prices. He laid stress on point that no legal power existed by which Allies could claim same prices as those U. S. Government might be able to obtain, and that no likelihood existed in the near future of that power being asked for from Congress, but he thought great step in the way of our

obtaining same prices might be taken through joint purchasing. It was agreed at this meeting that Allies would submit redraft of McAdoo's proposal for American Purchasing Commission as early as possible to Treasury. This redraft we are now preparing.

At this morning's interview with War Industries Board they stated that while entirely agreeing with Crosbie's view as to legal position, they consider they had adequate power to deal with situation, and after discussion with Secretary Baker they proposed to proceed as follows:

1. All purchases on account of Allied Governments must be conducted through them.

2. Purchases will be limited to military requirements.

3. They will deal with all matters concerning priority.

4. They propose to give the same prices to the Allies as they secure for their own Government.

5. If manufacturers refuse to supply commodities to the War Industries Board at the prices agreed upon, leaving it to the War Industries Board to distribute the commodity to their own Government or the Allies as they please, then they propose to buy the commodity for the account of the War Department and transfer it to the Allies.

16b 6. If manufacturers still refuse to supply commodities under this arrangement, they propose to commandeer commodities under the authority already vested in War Department.

7. If manufacturers still refuse to supply when commandeered, it will be a matter for the President of the United States to decide whether he will ask for legislation dealing with the whole question.

8. The Board laid greatest stress on the fact that the above proposal for identical prices were conditional upon the other Allies charging both the United States and one another the same prices for all materials used for War purposes. They raised as instances price of our coal to Italian Government, and also prices of pig iron and copper sold by Canadian producers. We told them we would bring this matter to your notice and that as far as Canada was concerned we would consult Canadian Government and Imperial Munitions Board, Canada. It is in our opinion essential we should be able to satisfy U. S. Government on this point and hope you will enable us to do so. We do not consider that plan of action proposed by War Industries Board will prove at all easy in practice, but it is a step forward that Board should have assured us they intend to act this way. They have asked us for statement of our immediate requirements, which we are putting in at once.

(Sgd.) GORDON.

At this point Sir Charles and Mr. R. S. Rand retired from the meeting.

Price Fixing by the War Industries Board.—Relative to the fixing of prices for war needs and also for industry as a whole, Mr. Scott stated that in his opinion the proper proceeding was to fix the prices for war needs first and then use the influence of this Board as a means for fixing prices for the public.

Judge Lovett stated that, based on his conception of the fundamentals of legal principles, the Government has the right and power to commandeer all basic materials such as steel, coal, copper, etc., since the quantity available of such materials is limited and therefore their production in itself is of a monopolistic nature; but that it has not the right to commandeer materials whose production

17 possibility are unlimited. If any materials should be commandeered, a fair and just price should be paid the producing company, but that no consideration should be given to the market price when the price at which the material is to be commandeered is arrived at.

He further stated that he thought first all such producers should be conferred with and told what the position of this Board is. Second, if no arrangement can thus be arrived at, they should be asked whether they will submit to arbitration before entirely disinterested parties. Thirdly, if no arrangement can thus be made, the material should be commandeered.

The meeting adjourned at 12:30 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

17¼ Minutes of Meeting of the War Industries Board held Monday, August 6, 1917, at 3 P. M., at the White House

Present: The President of the United States. The Secretary of the Navy. The War Industries Board: Mr. F. A. Scott, Chairman; Mr. B. M. Baruch; Judge R. S. Lovett; Mr. R. S. Brookings; Mr. Hugh Frayne; Rear Admiral F. F. Fletcher; Col. P. E. Pierce; Mr. H. P. Bingham, Secretary.

The President stated that the War Industries Board had been formed for purposes as defined in the official communication creating such a Board and *that it was his intention insofar as possible for this Board to take over the duties and responsibilities of furnishing this Government with the necessities of war.* To do this it was necessary to correlate with the requirements of the United States the Military requirements of the Allies.

For this purpose Mr. Brookings, Judge Lovett, and Mr. Baruch, together with Mr. Hoover in the matter of food were appointed to negotiate with the Foreign Powers, it being im-

17½ possible to authorize the War Industries Board, it being an official body, to carry on such negotiations, the ultimate aim being, and the State Department is now working to that end, to form among all the Allies Central Clearing Commission for purchases to be made in the United States determining priority among themselves covering the orders which were to be placed in the United States.

It would be the duty for the Priority Branch of this Board, which is under the supervision of Judge Lovett, to establish priority between the needs of the Allies as submitted by this Central Commission and the needs of this Government.

The extreme need for determining the prices to be paid for military needs was brought to the attention of the President and *he said that it was his wish that producers be paid a fair profit* but in no way to base the question of profit on present market conditions.

The final settlement of the price of steel, he said, would be based on the results of the investigations now in process by the Federal Trade Commission, which results he would use his efforts to expedite. Prices for military materials for this Government and the Allies should be arrived at by negotiations with producers and *only as a last resort did he wish commandeering to be used.*

The Allies, he said, should receive the same prices on military materials which this country paid for its military requirements provided, of course, that reciprocal action on the part of the Al-

17¾ lies, not only towards this country but towards each other, was arranged for. There was no existing machinery to establish a price for materials other than for military needs and such regulation must necessarily be accomplished by publicity and Presidential request.

The Board withdrew at 4 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

18 **Meeting of the War Industries Board, held at 10 A. M., Tuesday, August 7, 1917, in Room 945, Munsey Building**

Present: Mr. F. A. Scott, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. H. P. Bingham, Secretary.

Artillery Forgings—Need for Additional Appropriations.—The Chairman reported that the artillery program was being held up because of lack of available funds and that the Chief of Ordnance had advised him and Judge Lovett at a conference held yesterday evening that the deficiency created for this purpose by order of the Secretary of War does not permit the Ordnance Department proceeding. Upon motion made by Mr. Baruch, duly seconded and carried, the Chairman was requested to investigate the situation further with a view of bringing to an end the present inertia in the matter of the procurement of artillery.

Special Meeting.—A meeting with the officers commanding the various divisions of the Army and Navy was decided upon to be held at 2:30 o'clock P. M. on Wednesday, August 8th, Room 945, Munsey Building. Rear Admiral Fletcher and Colonel Pierce were asked to arrange for the presence of the officers referred to.

Proceedings of the War Industries Board.—Mr. Brookings stated that it was his desire that all matters of importance should be brought before the War Industries Board as a whole for
19 decision, and that he was not willing to make decisions of importance independently of the other members of the Board. Mr. Baruch, Judge Lovett, and Mr. Frayne stated that they agreed entirely with Mr. Brookings' views.

Copper desired by British and French Governments.—It was moved and carried that in connection with the negotiations which Mr Baruch is to carry on with the copper interests relative to the furnishing to the British and French Governments of approximately 60,000,000 pounds desired for immediate shipment, that Mr. Baruch be requested by the War Industries Board to offer the copper producers a payment on account of 20¢ per pound for this amount of copper, with the stipulation that such payment on account should be entirely disregarded in fixing the final price to be paid for this copper, which final price might be above or below 20¢ per pound, and further that if the copper producers refuse to enter into such an agreement that then the Government will proceed to commandeer the necessary supply.

Publicity—Price to be paid by the Allies.—Judge Lovett was requested to draw up a statement for publication having to do with the Government's attitude toward prices at which the Allies would be permitted to buy in this country. This draft to be submitted to the Board before releasing to the papers.

Procedure of War Industries Board.—Upon motion duly made, seconded, and unanimously adopted it was decided that the regular meetings of the Board should be held on Wednesday, Thursday, and Friday of each week at 10:00 o'clock A. M., and should the business before the meetings require it, the Board should reconvene on those days. The hour for the adjournment of the morning session was fixed at one o'clock.

20 *Artillery Forgings—Priority between Army and Navy.*—A copy of a communication from Judge Lovett, Director of Priorities, addressed jointly to the Secretary of War and the Secretary of the Navy having to do with the priority of the orders for artillery forgings between the Army and the Navy at the plants of the Bethlehem Steel Company and the Midvale Steel Company was read for the information of the Board.

The meeting adjourned at 12:45 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

20¼ **Statement of Price Policy of the War Industries Board as connected with the Purchases of our Allies released for Publication, August 8th, 1917**

The following statement was issued today by the War Industries Board of the Council of National Defense.

It is the purpose of the War Industries Board to carry out the policy recently announced by the President, and with which the members of the Board are in complete accord, that in the purchase of war materials in this country, our Allies shall be charged no more than our own Government has to pay. Guns and ammunition employed against our enemy are for our benefit as much when used by our Allies as when used by our own men; and it is obviously unjust to require our Allies when fighting our battles to pay our own people more than our own Government pays for the materials necessary to carry on the war. A mere statement of the proposition seems enough; and we are confident that our manufacturers, who have so patriotically responded thus far to the calls of our Government in this emergency, will readily accept this policy.

But this policy has two important limitations. First: It is to be reciprocal. The Allies must henceforth apply the same principle in dealing with their own producers and in selling to us and in selling to each other. Second: The arrangement must be limited to war materials, in order to protect our own industry. We must not allow raw materials sold by our producers at prices patriotically conceded to our Government and its Allies for war purposes to be diverted to industry and trade abroad which may come in competition with our own manufacturers and producers. Measures will be taken by the Board for the best possible assurance that materials sold at a concession in prices for war purposes shall be applied only to war purposes.

In fixing the prices to be paid by the Governments, we shall allow a reasonable profit, but shall deny the extortion now exacted for many commodities of prime necessity. We shall pay the just price so admirably defined by the President in his public statement of July 12th, as follows:

> By a just price I mean a price which will sustain the industries concerned in a high state of efficiency, provide a living for those who conduct them, enable them to pay good wages, and make possible expansions of their enterprises which will from time to time become necessary as the stupendous undertakings of this great war develop.

The War Industries Board has not yet had and may not have occasion to deal with the question of prices to be charged the public, but

it seems proper in this connection to direct attention again to the following from the statement of the President on that subject:

20½ We must make the prices to the public the same as the prices to the Government. Prices mean the same thing everywhere now; they mean the efficiency of the Nation whether it is the Government that pays them or not. They mean victory or defeat.

The war makes enormous drafts upon many raw materials absolutely necessary to the industrial life of the Nation and to the ordinary existence of the people. This has resulted in the bidding up of prices for what is left of many materials of prime necessity in manufacture to a point obviously out of all relation to the cost of production and involving unconscionable profits on our national resources, and the consequence is that the cost to the public of all the articles in the manufacture of which such materials enter has reached a level never before known.

21 **Meeting of the War Industries Board held at 10 A. M., August 8, 1917, at 945 Munsey Bldg.**

Present: Mr. F. A. Scott, Chairman; Mr. B. M. Baruch, Mr. R. S. Brookings, Rear Admiral F. F. Fletcher, Mr. Hugh Frayne, Judge R. S. Lovett, Col. Palmer E. Pierce, Mr. H. P. Bingham, secretary.

Special Meeting with commanding Army and Navy officers.—The procedure to be followed at the meeting with the Commanding Army and Navy officers to be held this afternoon at 2:30 o'clock P. M., was discussed and Mr. Baruch made a motion which was duly seconded and carried that the Chairman outline to the officers the powers and purposes of the Committee formed to consider the clearance of materials desired by the various Army and Navy Departments.

It was further decided that Mr. Baruch should name a member for this Committee to give his particular attention to the raw material needs of the Allies and similarly Mr. Brookings to name a member to give his particular attention to the finished material needs of the Allies.

Publicity—Statement to the press covering the price policy.—Judge Lovett presented a draft of a proposed statement to the press giving the price policy of this Board. After discussion this draft was approved with certain minor changes as meeting the views of the Board, and Judge Lovett was asked to confer with the Secretary
22 of War and to obtain his consent to its publication. It was ordered that this communication be made a part of the minutes of this Board and is hereto attached.

Zinc—Price for Navy.—Mr. Baruch brought up a certain requirement of the navy for zinc plates. He states that the market price was now 19¢, and that the price offered the Navy by the Illinois Zinc Company was 15¢. It was moved and carried that the price of 15¢ be considered proper for the order referred to.

Copper—Negotiations with Copper Producers.—Mr. Brookings stated that Mr. Ryans had stated to him that when the needs of the Allies are included in the negotiations for the supplying of copper for military needs, the copper interests are not willing to accept a memorandum price, but are willing to give the necessary copper at a firm price of 25¢ per pound, whereupon Mr. Baruch made the following motion:

Resolved, That as the copper emergency required immediate action necessary to secure a supply for our Government and our Allies, that the Board endeavor to secure from the copper interests the needs of ourselves and our Allies at a price to be fixed when we receive the report of the Federal Trade Commission as to the costs, and for purposes of payment on account of deliveries, a tentative price of 22½¢ be fixed with the understanding that this price shall in no way be taken into consideration when the final price is to be determined.

This motion being duly seconded by Judge Lovett was unanimously adopted.

Special Meeting with Federal Trade Commission.—The Secretary was requested to endeavor to arrange for a conference with the Federal Trade Commission at an early date, preferably Wednesday, August 15th, to discuss the question of the determination of costs with that commission.

23 *War Industries Board—Organization.*—The Chairman was asked to arrange for the formation of a Central Statistical Department to handle the volume of statistical information needed in carrying on the work of the War Industries Board.

The meeting adjourned at 1:00 o'clock P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

24 **Minutes of Meeting of War Industries Board held Wednesday, August 8, 1917, at 2:30 P. M., in Room 943, Munsey Building**

Present: The War Industries Board: Mr. F. A. Scott, Chairman; Mr. B. M. Baruch, Mr. R. S. Brookings, Rear Admiral F. F. Fletcher, Mr. Hugh Frayne, Judge R. S. Lovett, Col. P. E. Pierce, Mr. H. P. Bingham, Secretary. The Advisory Commission of the Council of National Defense: Dr. Franklin Martin, Mr. Julius Rosenwald. Representatives from the Army: Maj. Gen. Gorgas, Maj. Gen. Sharpe, Brig. Gen. Smith, Brig. Gen. Kernan, Brig. Gen. Cruse, Brig. Gen. Squier. Brig. Gen. Black, Col. Chauncey Baker, Major E. T. Brown, Brig. Gen. Kuhn, Brig. Gen. Crozier, Maj. Gen. Barnett. Representatives from the Navy: Admiral T. B. Howard, Chief Constructor D. W. Taylor, Chief Engineer R. F. Griffin, Paymaster General S. McGowan, Surgeon Gen. W. C. Braisted, Captain Josiah McKean, Paymaster C. J. Peoples, Commander G. C. Day, Rear Admiral N. T. Mason, Captain Theodore E. Kearney, Acting Chief of Bureau of Ordnance; Civil Engineer F. B. Churzen, Mr. C. C. Bolton.

Mr. Scott, upon calling the meeting to order, stated that the purpose of the meeting was to secure a definite understanding with
25 the officers present concerning the powers and purposes of the War Industries Board and by this means to obtain more satisfactory cooperation and make it possible to carry on the work of the Board without any unnecessary delays due to misunderstandings.

He said that the realization of the fact that the entire Nation must take an active part in the war was the reason for the creation of the War Industries Board.

The Secretary then read the excerpt from the minutes of the meeting of the Council of National Defense creating the Board.

The Chairman then presented the further powers given the Board not mentioned in the above referred to communication given by the Council of National Defense verbally at a meeting held with this Board.

He explained that there was no desire to set up a civilian organization to take over the work of the various military departments and particularly was it desirable not to do this in order that at the end of the war the military departments would be greatly strengthened by their war activities and would be even better able to carry on their work than they had been previous to the war.

The Chairman clearly pointed out that the Board's powers were more than advisory and that not only the Council of National Defense but likewise the President of the United States had informed the Board of their desire to give the Board as much power
26 as it was possible to give in the acquiring of the military necessities for war.

Upon being asked to address the meeting, Judge Lovett spoke on the subject of priority to which he had been particularly assigned by the President and asked the Officers to let him have their requirements of materials insofar as they were possible to be determined. He said that it was not necessary for him to have confidential information and that he hoped that it would not be necessary for such information to be given to him, preferring requirements in general terms.

He brought out that there would be need to establish priority between the military needs of the United States and those of the Allies as well as between our own necessities.

The Chairman distributed at this point to those present a list of materials in which a shortage exists or is imminent and stated that following the custom established when the General Munitions Board was in existence, all purchases of the materials listed by any department should first pass through the War Industries Board to be cleared.

Mr. Baruch was then called upon to speak and discussed the raw-material situation which was given particularly into his charge. He explained the increasing scarcity of certain materials and asked the departments insofar as possible to anticipate their require-
27 ments in order that a real shortage in materials could better be avoided.

Mr. Brookings being called upon to speak, discussed the purposes and powers of the Board and the responsibilities placed upon it and particularly brought up the subject of fabricated articles to which he had been assigned.

Mr. Brayne being called upon to speak, discussed the relation of labor to the supplying of the military needs of the Government and brought out the fact that cheap labor-making war necessities is expensive labor in the end due not only to the inferior material they turned out, possibly due to their lower standard of living made necessary by low wages, but likewise because of the labor strikes which are bound to occur if labor is underpaid and the living conditions are unsatisfactory.

He stated that his work on the Board would be to see insofar as he could that contracts do not go to companies where trouble of the above nature will occur.

Colonel Pierce being called upon to speak, brought to the attention of the Officers present the successful work of the General Munitions Board, and further brought out that the War Industries Board has power directly from the President. He spoke of the necessity for each Division of the Army to appoint an Officer to be a member of the Clearance Committee, which would continue to be in operation.

Mr. Scott at this point paid a high tribute to Col. F. G.
28 Hodgson for his excellent work as a member of the General Munitions Board and expressed the extreme regret he and his associates felt at his loss.

Mr. Rosenwald, upon being asked to speak, stated that he and the other civilians doing this work were here to serve the Government to their best ability, and spoke of the pleasant relationship he and his Committee (Committee on Supplies) had had with the Quartermasters Department, with whom they had kept in close contact.

Dr. Martin, upon being called upon to speak, stated that the Medical work of the four large branches of the Army and Navy with which he had been associated with progressing satisfactorily.

Admiral Fletcher, upon being called upon to speak, said that he had just joined in this work, and could therefore add nothing to what had been said.

Mr. Scott asked that Officers be designated as promptly as possible for work on the Clearance Committee, after which a discussion of some of the items on the shortage list took place.

The meeting adjourned at 4:30 P. M.

(sgd) H. P. Bingham,
Secretary.

29 **Meeting of the War Industries Board held Thursday, August 9, 1917, at 10:00 A. M., in 945 Munsey Building**

Present: Mr. Frank A. Scott, Chairman; Mr. B. M. Baruch, Mr. R. S. Brookings, Rear Admiral F. F. Fletcher, Mr. Hugh Frayne, Col. Palmer E. Pierce, Mr. H. P. Bingham, Secretary.

Prices.—The Board's attention was called to the Bill pending in the House of Representatives suggesting that the Federal Trade Commission be empowered to fix prices. Mr. Frayne was requested to get in touch with Senator Pomerene and ask what the intentions were in this matter, as this bill, if passed, would interfere with the powers given the War Industries Board.

Organization—Office space.—A communication from Mr. Baruch dated August 8th was presented, calling attention, among other things, to the immediate need for sufficient office space to carry on the work of this Board, and also the matter of the payment by the Council of National Defense for office and expert assistants. Mr. Gifford was called into the meeting and stated that the Council will secure and pay all office help through its Chief Clerk, and when secured it will pay all experts needed in the carrying on of the work of the War Industries Board. He stated that in the matter of office space the Council was including in the appropriation bill either money enough to buy the Munsey Building or to build a temporary office building. The Board impressed upon him the absolute need for sufficient space an drequested that he secure this at once.

30 *Steel—barrel—Crucible Steel Company.*—A draft of a communication addressed to the Chief of Ordnance relative to the placing of an order for 1,500 tons of barrel steel at a tentative price of 10¢ per pound with the Crucible Steel Company was presented, approved, and ordered sent.

T. N. T. Shortage.—Various reports relative to shortage of T. N. T. were presented, and by action of the Board, Mr. L. L. Summers was requested to assume the handling of the T. N. T. situation for the purpose of developing a sufficient supply to meet the needs of ourselves and Allies. The papers connected thereto were ordered referred to him.

T. N. T. desired by Italy.—Mr. Baruch presented a request from the Italian Government stating that they required approximately 7,000,000 pounds of toluol of various grades to permit them to buy from Canada. Mr. Baruch was authorized to permit them to proceed with their purchases and was requested to communicate with Sir Charles Gordon with a view of obtaining his assistance to arrange to procure this material for the Italian Government at prices more in keeping with those at which the United States Government was buying similar material.

Cantonment construction—Appointment of auditors in France.—A communication from the Accountancy Committee was presented relative to appointment of auditors at the cantonment sites located in France. This communication was referred to Mr. Baruch, with a request that he get in touch with the Secretary of the Treasury and secure, if possible, the expediting of the bill to cover this situation now in the hands of the Secretary.

British—Brass rods.—A communication from the British War Mission, dated August 8th, in connection with their purchase of 2,500 tons of brass rods for August delivery, was presented.

31 Mr. Baruch reported that he had secured from the copper producers the necessary 1,500 tons of copper for the manufacture of these rods on memorandum, the price to be paid to be arranged later. The Secretary was then instructed to advise Sir Charles Gordon of this arrangement.

Artillery Forgings—Contracts placed or in negotiation.—A communication from the Cannon Section of the Ordnance Department dated August 2, No. G. C. 472.811/196, giving a list of the gun-forging contracts placed or under negotiations was presented and referred to Col. Pierce for analysis and report.

Copper.—Mr. Baruch presented the following communication dated August 6th, 1917, from the Italian War Mission in the United States, stating that they desired 40,000 tons of copper, and was asked to convey to the Italian Mission that the matter was being considered.

Steel—Tin Plate.—Mr. Baruch presented two communications dated August 8th, 1917, from the Italian War Mission in the United States, inquiring for a quantity of steel and also tin plate. These communications were ordered referred to Judge Lovett for investigation and report.

Army Equipment—Shoes.—A communication from Mr. Rosenwald dated August 8th relative to the emergency purchase of shoes contemplated from the Sears-Roebuck & Company was presented and ordered referred to Mr. Brookings, with power to act.

Army Equipment—Leather.—A communication from the Leather Committee dated July 27th, relative to the purchase of certain russet bags at prices given, was presented and ordered referred to Mr. Brookings, with power to act.

32 *Labor—Drafting of Coal Miners.*—A communication from Mr. H. G. Dalton of the American Iron & Steel Institute, dated August 4th, relative to the drafting of coal miners, was presented and ordered rereferred to Mr. Frayne, with power to act.

Medical—Sanitary Conditions at Yaphank.—Sanitary conditions at the cantonment site at Yaphank, Long Island, were brought before the meeting, and Mr. Frayne was asked to consult with General Gorgas relative thereto and report to the Board.

Cantonment Construction—Progress.—Reports from the Committee on Emergency Construction of Building and Engineering Works relative to the state of completion of the 16 cantonments for the National Army was presented for the information of the Board.

Meeting adjourned at 1:00 P. M.

(sgd.) H. P. BINGHAM,
Secretary.

33 Meeting of the War Industries Board held at 2:30 P. M., August 9, 1917, in Room 945, Munsey Bldg.

Present: Mr. F. A. Scott, Chairman; Mr. B. M. Baruch; Mr. R. S. Brookings; Rear Admiral F. F. Fletcher; Mr. Hugh Frayne; Col. Plamer E. Pierce; Mr. H. P. Bingham, Secretary; also Dr. Herbert Hoover.

Mr. Hoover said that the food which is now and will be exported to Europe is mainly for the civilian population and that he believed that the civilian population should not be forced to pay more for food than is paid for military needs. While there is no price-fixing machinery in the food bill, he said that by indirect means he could practically control the price of staple foods, and that he would confine regulation of prices simply to staples.

Mr. Hoover said that he must control exports to take care of the internal need of the United States and asked the Board for cooperation along this line. He said that there were three problems to be dealt with:

1. Civilian population of the United States.
2. The Allies (civilian and military).
3. The United States Army and Navy.

To deal with the Allies there should be set up a consolidated food-buying bureau consisting of representatives of all the allied countries, which he believed could be formed. The method he will use to regulate buying is to form committees consisting of representatives from the staple food producers of this country, and

34 all buying should be done through such committees and not directly through producers independently of such committees. He brought up the fact that there is a growing scarcity of fats and that one solution of this question was to import more vegetable oils and likewise that the exportation of fats and oils must be stopped. Mr. Scott said that this can be brought about through the efforts of the exports council. Mr. Hoover suggested that a strong statement from

the War Industries Board to the Exports Council to the effect that fats and oils should not be exported would help the situation. He likewise called attention to the need for lessening the glycerine content of soaps, and Mr. Scott suggested that Mr. Hoover proceed to accomplish this through his Department.

It was suggested to Mr. Hoover that he have a representative present at all meetings of the Board's Clearance Committee to keep him informed and assist in the coordination of the work between his Department and the War Industries Board.

Mr. Hoover said that while the same prices should prevail for the civilian population and the food needs of the Army and Navy, preference in delivery should always be given the Army and Navy. One of the greatest needs of the situation is the need for the saving of food, clothing, etc., by the civilian population and the withdrawal of people from unproductive employment and the placing of them in productive labor. He said that to accomplish this, a well-managed propaganda must be instituted and that this could well be done by the War Industries Board.

He further suggested the formation of a coordinated board of war savings to combine all efforts along these lines.

Mr. Scott suggested that in order to keep the Food Department and the War Industries Board in close touch it would appear to be advisable to have Mr. Hoover meet with the Board on certain
35 regular days or to feel at liberty to meet with the Board on any day he might wish to discuss anything with the Board. Mr. Hoover agreed that this would be highly desirable, and the Secretary was instructed to send Mr. Hoover the schedule of the regular meetings of the War Industries Board. At this point Mr. Hoover left the meeting.

Machine guns—Aircraft Production Board.—Mr. Scott reported on the lack of cooperation shown by the Aircraft Production Board in the securing of machine guns and their expressed statement that they would purchase machine guns independently. It was the decision that they should not be allowed to do this, and such notice was ordered presented to them by Mr. Bolton.

Lumber—Spruce.—In connection with the handling of the purchase of spruce for the Signal Corps, a proposed wire to Mr. Allen confirming the power given him was approved and ordered sent.

Machine guns—Hopkins & Allen plant.—A communication from the Belgian Government and another from the Marlin-Rockwell Corporation relative to this Government loaning the Belgian Government money to complete the rifle contract at the Hopkins & Allen Arms Company plant was presented and referred to Col. Pierce to learn the military needs of the Belgian Government for these rifles and report to the Board.

Shipping—Construction on Great Lakes.—A communication from the Shipping Board suggesting that trawlers for the Allies be built at the shipbuilding plants situated on the Great Lakes was presented and referred to Admiral Fletcher to take the matter up with Judge Lovett and report to the Board.

Motor Trucks.—A communication from Col. Baker, of the
36 Quartermaster's Department relative to the delivery of motor trucks and the present need for prorating the deliveries between the Allies and the United States Government was presented and ordered referred to Judge Lovett for action.

Zinc.—Mr. Baruch stated that he had arranged a price of 12½¢ for zinc needed by the United States Government—approximately 10,000,000 lbs. As this was considered an emergency purchase, the price was confirmed by the Board.

Lumber—Labor troubles—spruce district.—At this point Mr. Sligh, lumber representative of the Aircraft Production Board, and others entered the meeting. He reported that 90% of the spruce mills in the western district were shut down because of I. W. W. strikes, and that as that district was the only district where spruce proper for aircraft production could be obtained, it was very important that the Government interfere and stop the strike. A copy of a wire from various representatives of Labor and the Government addressed to the Secretary of Labor explaining the situation was read. At this point Mr. Frayne and Mr. Howe, assistant to the assistant secretary of the Navy entered the meeting. Likewise, Mr. Worcester, of the Lumber Committee. After some discussion Mr. Brookings was asked to call upon the Council of National Defense, then in session, and bring the situation to their attention with the recommendation of the Board that the President make a patriotic appeal by wire with a view of settling the dispute.

The meeting adjourned 5:30 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

37 **Meeting of the War Industries Board held August 10, 1917, at 10:00 A. M., in Room 945, Munsey Building**

Present: Judge Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne: Col. Pierce; Mr. Bingham, Secretary.

Steel—Price for Billets.—A communication from the Chief of Ordnance dated August 8, No. 33172, asking this Board to establish a price on certain Billets to be purchased from the Carnegie Steel Company for gun forging purposes. The Secretary was instructed to inform the Ordnance Department that the steel corporation had agreed to furnish steel to the quantity needed by the United States Government without price until such a time as the price to be paid was definitely determined.

Legislative Bill H. R. 5615.—Bill H. R. 5615 was presented having to do with the formation of a Board to handle the purchasing of supplies for the aircraft needs of the Army. It was ordered that this bill be referred to Rear Admiral Fletcher and Col. Pierce to investigate and determine whether it would be harmful from a military standpoint if this bill should become a law.

Publicity—Publication of prices and quantities needed.—A communication from Mr. Myer relative to the advisability of publishing prices paid for materials by the Government and the quantities purchased was presented. The Board decided that none of these
38 facts should be published, except by the War Industries Board.

Priority—Aeroplane material.—A communication from Mr. Waldon, of the Aircraft Production Board, dated July 28th, and stating that in England priority was given aircraft material over all other government requirements was presented and referred to Judge Lovett for his information.

Steel Tungsten, Shortage of.—A communication from Mr. L. L. Summers calling attention to the shortage of tungsten in this country and suggesting that the importation of this material be encouraged, was presented and ordered referred to Mr. Baruch with the opinion of the Board that the importation of tungsten into this country be encouraged insofar as possible.

Chemicals—Smokeless powder—E. I. Dupont De Nemours & Co.—A communication from the E. I. Dupont De Nemours & Co. dated July 30th referring to the shortage of smokeless powder and the need for increased manufacturing facilities was presented and ordered referred to Mr. Scott, Col. Pierce, and Admiral Fletcher for investigation and report.

Organization—Committees.—A communication from Mr. Gifford was presented giving a list of certain Committees now active but not approved by the Council of National Defense and inquiring what the pleasure of the War Industries Board is regarding these Committees. The Secretary was instructed to secure from Mr. Gifford the personnel of these Committees, by whom appointed, and for what purpose, whereupon the Board will determine what disposition shall be made of these Committees. Similarly the Secretary was instructed to ask that no further Committees be appointed dealing with military matters, except by the War Industries Board.

Organization—Automotive Committee.—A communication
39 from Mr. Gifford asking what disposition the War Industries Board desired should be made of the Automotive Committee which is now reporting to Mr. Coffin. The Board instructed the Secretary to advise Mr. Gifford that that Committee should now report to the War Industries Board and that he should so advise Mr. Coffin and the Automotive Committee.

Storage.—A communication from the Storage Committee dated August 7th concerning departmental coordination of storage matters and a letter from the same Committee dated August 8th relative to storage at points of manufacture were presented and referred to Mr. Brookings for consideration and report.

Labor—Sheet and Tin Workers Association.—A communication from Mr. Gifford referring to communication from the Secretary of Commerce, accompanied by copy of a resolution adopted by Western Sheet and Tinplate Mfgrs. Association and the Amalgamated Association of Iron, Steel & Tin Workers, relative to their desire to cooperate with the Government, was presented and the Secretary was instructed to acknowledge this communication and to express the willingness of the War Industries Board to cooperate with the Associations.

Steel—Car Production.—Judge Lovett called attention to the slackness at the plants manufacturing freight cars, due partly to lack of steel at these plants, and likewise calling attention to the extreme need for cars in Russia. He presented a communication from Mr. Vauclain, dated August 9th setting forth the orders now on the books of the car builders, listed in accordance with the priority need for manufacture.

1. For the United States Army in France.
2. For France and Russia.
3. For Russia.
4. For the railroads in the United States.

40 The total amount of steel needed was 150,000 tons up to January 1, 1918. Judge Lovett said that he agreed with this priority order, except where it might interfere with other needs for steel, which might necessarily have priority over the car requirements. He then stated that more definite information must be secured as to the Army and Navy requirements for steel, whereupon Col. Pierce was requested to secure a statement of the requirements of steel for the Army and Admiral Fletcher similarly for the Navy and Shipping Board. It was further requested that these requirements be stated in accordance with their relative importance and likewise should include the form in which the steel would be purchased.

Shipping—Trawlers to be built on Great Lakes.—A communication From the Shipping Board asking whether the building of certain trawlers at shipbuilding plants on the Great Lakes should be permitted for Russia and the British was presented, and upon the advice of Admiral Fletcher, given after investigation that this would not interfere with any other more important shipbuilding, the Secretary was ordered to so advise the Shipping Board.

Steel—Italian requirements.—A communication dated August 9th from the Raw Materials Committee listing requirements of steel of the Italian Government was presented and ordered referred to Judge Lovett for his information.

Wagons—Lumber shortage of.—A communication from the Quartermaster General dated August 8th, No. 451.7–T–Jeff. Indiana, relative to shortage of lumber for army wagons and the need for increased drying kilns, and also asking for confirmation of prices quoted, was presented and ordered referred to Mr. Brookings for investigation and report.

41 *Storage—Baling.*—A report from the Storage Committee, dated July 28th, relative to the necessity for baling supplies, was presented and ordered referred to Mr. Brookings for action.

Allied Purchases.—Judge Lovett brought up the need for all allied purchases being referred first to the Board before purchase was made. Upon motion, duly made and carried, the Acting Chairman was instructed to address a communication to the Chairman of the Council of National Defense stating that the Board deems it important that representatives of our Allies be requested not to purchase war materials in this country without first referring such intended purchases to the Board, and likewise to ask that this be conveyed to the representatives of the Allies through the proper departments.

Special Meetings—Federal Trade Commission.—The Acting Chairman announced that a meeting had been arranged with the Federal Trade Commission to discuss with them the determination of costs on Wednesday, August 15th, at 10:00 o'clock A. M., in the offices of the Federal Trade Commission.

National Army—Status of Equipment.—Col. Pierce presented for the information of the Board a report from the Accountancy Committee dated August 9th, showing equipment which would be on hand on September 1st for the needs of the drafted army.

Army Equipment—Mess—Ordnance Department.—A communication from the Ordnance Department dated August 6th, reporting on

the status of the mess equipment for the drafted army, was presented for the information of the Board and referred to Mr. Brookings.

National Army—Expiration date of Contracts for Supplies.—A communication from Mr. Eisenman from the Committee on
42 Supplies, listing the expiration date of certain contracts covering equipment for the National Army, was presented for the information of the Board and referred to Mr. Brookings.

Army Equipment—stoves and heaters.—A report giving the specifications for stoves and heaters to be used in the National Army cantonments, was presented and referred to Mr. Brookings for consideration and report.

Cantonment Construction—Accounting Auditors.—A communication from Col. Littell, dated August 9th, relative to the present handling of accounting auditors at Cantonments, and giving his objections to the present system, and recommending that he be empowered to make the necessary changes, was presented. This was referred to Col. Pierce to take the matter up with the Emergency Construction Committee and the Accountancy Committee, and he was instructed to act for the Board and later report his action for confirmation.

Labor—Spruce Situation.—Mr. Brookings reported that he, Rear Admiral Fletcher, and Mr. Frayne, in accordance with the instruction of the Board, appeared before the Council of National Defense at their meeting yesterday, and presented to them evidence relative to the serious situation caused by strikes in the Western spruce region. He reported that the Council had been notified that the War Industries Board was in favor of any act the Council might take to bring about a favorable solution of the situation.

War Industries Board—Hour for meeting.—By formal action, the next regular meeting of the Board was ordered held on Wednesday, August 15th, at 9:30 o'clock A. M., in Room 945 of the Munsey Building.

The Meeting adjourned at 1:00 o'clock P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

43 **Meeting of the War Industries Board held at 9:30 A. M., Wednesday, August 15, 1917, in Room 945, Munsey Bldg.**

Present: Judge Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary.

Organization.—A communication from the Director of the Council of National Defense, dated August 10th, relative to the method for securing office supplies and stenographic help was read for the information of the Board.

Leather.—A communication from the Director of the Council of National Defense, dated August 9th, relative to furnishing to the Exports Council the requirements of the Army and Navy for leather was presented and referred to Mr. Brookings for action.

Labor—Membership on Emergency Construction Committee.—A communication from Major Starrett, of the Emergency Construction Committee, dated August 13th, attaching various papers and reporting on the advisability of a labor representative sitting with the Emergency Construction Committee when selecting contractors for military building operations, was presented and referred to Mr. Frayne for investigation and advice to the Board.

British War Mission.—A copy of a cablegram, dated August 13th, sent to Sir Joseph Flavelle, of the Canadian Ministry of Mu-
44 nitions, by the British War Mission, explaining their negotiations with this Board and its policy concerning the treatment of the Allies relative to the price to be paid for military necessities, was read for the information of the Board and ordered made a matter of this record:

WASHINGTON, *Aug. 13, 1917.*

Have had long interviews with Messrs. Scott, Lovett, and Brookings, of the War Industries Board. The matter of obtaining fixed prices for Allies same as those secured by the United States Government has been constantly brought forward by me. War Industries Board has continually advanced the argument that if they grant the same prices to Allies as to their own Government the same principal must apply as between the Allies themselves and the United States Government. For example, take matter of tin. They ask, does the British Government supply tin to Allies at the same price as to themselves? Will they supply the United States Government with tin at same price as to themselves and their other Allies? It transpired at a meeting this morning that the argument is put forward by Steel interests here and Copper interests and other interests that Canada is supplying Great Britain and Allies commodities at higher prices than those same commodities are being supplied to Great Britain and Allies by United States. I have controverted these arguments to the best of my ability, pointing out that prices in Canada in many cases are lower than prices in United States, but that in any case the price set by United States sets the price for Canada as well. I would like to have some official figures as to approximately total output of steel in Canada, of copper, of spelter, of lead, and the prices being paid by you, so that I may put the whole matter in an official form before the War Industries Board and controvert the arguments which the steel people and the copper people are advancing, as their arguments really have no foundation in fact. This whole matter will have such an important bearing on the ultimate price-fixing policy which concerns us all so much that I wish you would give it your personal attention.

C. B. GORDON.

44a *Cantonment Construction—Handling of Auditing system.*—A copy of a communication addressed to Col. I. W. Littell prepared by Col. Pierce in accordance with request of the Board and dated August 11th, relative to the handling of accountants at cantonments was presented and the action confirmed by the Board.

Finances—Government loan for Railroad, Washington to Norfolk.—A communication dated August 11, from Mr. Gifford relative to the advisability of the Government loaning money for the construction of a railroad from Washington to Norfolk was presented and by motion duly made and carried, it was deemed inadvisable for the Government to extend any financial support toward the construction of this railroad.

Duck.—A resolution dated August 14 from the Clearance Committee of this Board asking that the needs of duck by the post office department and other departments be secured, was presented and ordered referred to Mr. Brookings for action.

Army Requirements—Red Cross.—A resolution dated Aug. 14, from the Clearance Committee of this Board asking that the requirements of the Red Cross for certain materials be secured and that their cooperation in making purchases be arranged for was presented and ordered referred to Mr. Brookings for action.

Intelligence—The Orenstien, Arthur Koppel Company.—Various communications relative to the Orenstien, Arthur Koppel Company, particularly with reference to their German ownership, were presented and ordered referred to Mr. Vauclain for suggestion to the Board.

45 *Storage—Lack of information in Departments.*—A communication from the Storage Committee dated August 13, relating to lack of information in the various governmental departments necessary for the development of the storage problem was presented and ordered referred to Mr. Brookings for information and possible action.

Intelligence—Machine Tools for export to Rotterdam.—A communication from the British War Mission, dated August 10 calling attention to the possible exportation to Rotterdam by the Rosco Trading Company of certain machine tools was presented and the Secretary was instructed to advise the Export Council in case machine tools are on the embargo list that machine tools should not be exported without submitting each case as it comes up to the War Industries Board, and should machine tools not be on the embargo list, the Secretary was instructed to advise the Export Council that they should be so placed.

Storage—Varying rates.—A communication from the Storage Committee relative to the varying rates being paid for storage by the Government was presented and referred to Mr. Brookings for information and possible action.

Chemicals—Shortage of ammonia.—A communication from the Storage Committee relative to the possible shortage of ammonia for refrigerating purposes was presented and ordered referred to Mr. Baruch for investigation and report.

Commandeering—Material on Docks consigned to Germany.—A communication from Lieut. Col. R. H. VanDeman relative to the large quantity of material on docks at New York and consigned to Germany was presented and referred to Col. Pierce for investigation as to the exact quantity of material there stored and estimated value thereof and report to the Board.

46 *Commandeering—Material in Warehouses.*—Mr. Baruch brought up the fact that numerous quantities of copper, brass, tungsten, toluol, nickel, leather, and certain alloys are now held in warehouses, supposedly for shipment to Sweden. It was the opinion of this Board that this material should be seized. Judge Lovett and Mr. Baruch were asked to confer with the Attorney General for the purpose of ascertaining how this can be accomplished and report to the Board.

Wire Rope purchased by Italy.—A communication from the Italian War Mission relative to their desire to purchase certain wire rope was presented and referred to Judge Lovett for action.

Chemicals—Alcohol.—A communication from Mr. Hoover, dated August 14, and asking for the requirements of the Army and Navy for alcohol, and likewise what stocks are on hand at the producing plants was presented and referred to Mr. Baruch for action.

Zinc—Spelter.—A communication from the Zinc Committee addressed to Mr. Baruch relative to the price to be paid by the Army and Navy for 11,500,000 lbs. of grade C slab zinc was presented. It was duly moved and carried that the lowest bids should be accepted as listed in the above letter and that such recommendations of the Board be communicated to the proper officials of the Army and Navy.

Publicity—Publishing of terms of contracts.—The question was brought up as to the advisability of publishing prices paid by the Government for various commodities. It was the sense of the Board that nothing should be given out to the press of this nature. It was accordingly moved and carried that in the contracts entered into for fabricated articles, a clause should be inserted to the effect that that terms of such contract should not be made public. The

47 Chairman was requested to communicate this action to the necessary department heads.

Copper.—Mr. Baruch reported that the copper interests will deliver copper for the United States Government and our Allies on a memorandum, no price to be paid until a final price is determined. It was moved and carried that Mr. Baruch be authorized to take the necessary copper on the above basis for the time being.

The meeting adjourned at 11:30 A. M.

(sdg.) H. P. BINGHAM, *Secretary.*

48 **Meeting of the War Industries Board held at 12 : 00 noon, Wednesday, August 15, 1917, in the Offices of the Federal Trade Commission**

Present: War Industries Board: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Rear Admiral Fletcher; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary. Federal Trade Commission: Mr. Harris, Chairman; Mr. Colver; Mr. Ford; Mr. Davies; Mr. Brachen, Secretary.

Determination of Costs.—Mr. Scott advised the meeting that it seemed important that the Federal Trade Commission and the War Industries Board should at this time meet and discuss the determination of the cost of steel, copper, etc., upon which determination the Federal Trade Commission was now engaged. He pointed out the need for the immediate settling of the price to be paid for these commodities for military needs, and asked when the Federal Trade Commission might expect to complete their investigations and make a report.

Mr. Davies, who had the determination of the cost of steel particularly in charge, likewise pig iron, ore, coal, and coke stated that the steel costs would be determined and reported on in two or three days (this would cover only plates and shapes). The figures for ore, coal, etc., will be available in about a week. He stated that these figures would not be absolutely accurate in that they had not been checked by accountants at the mines and plants, but that they

49 would be satisfactorily accurate as a point upon which to determine the price to be paid.

Mr. Colver spoke upon the determination of the cost of copper and stated that on Friday of this week he would be able to report on the maximum and the minimum cost of copper, but would not

be able to give the percentage of the total production of the various costs for some time further. He suggested that due to the rapidity with which costs were changing that only tentative prices should be fixed, subject to later revision, when necessary. He stated likewise that the cost of lead, zinc, and aluminum will be available on Friday of this week.

Mr. Harris stated that the determination of the cost of cement and lumber would be available on Friday of this week.

Mr. Colver stated, upon being questioned, that in arriving at the costs of raw materials that the costs included amortization of mines and also the interest on the invested capital.

Mr. Harris expressed the desire of the Commission to cooperate in every way with the War Industries Board and that the data on hand with the Commission would be available at all times for the use of the Board.

The meeting adjourned at 1:00 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

Meeting of the War Industries Board held August 15, 1917, at 2:30 P. M., in Room 945, Munsey Building

Present: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Rear Admiral Fletcher; Mr. Frayne; Judge Lovett; Colonel Pierce; Mr. Bingham, Secretary.

Automotive Committee—Reorganization.—A copy of the communication from Mr. Gifford, Director, to Mr. Coffin relieving Mr. Coffin from his duties as Chairman of the Automotive Committee, and stating that this Committee is now under the supervision of the War Industries Board, was presented for the information of the Board. The various phases in connection with the Automotive Committee were discussed and the Chairman was instructed to arrange for the reorganization of this Committee in consultation with Mr. Coffin.

Clearance Committee—Signal Corps Members.—A communication from the Chief Signal Officer, dated August 9th, suggesting that Major H. H. Hutton, Jr., represent the Signal Corps on the Clearance Committee was presented and the appointment accepted by the Board.

Aircraft Board—House Bill establishing Aircraft Purchasing Board.—Colonel Pierce reported on the disadvantages of the establishment of an Aircraft Purchasing Board as suggested in the House Bill referred to. At this point Mr. Gifford entered the meeting and upon being consulted, stated that this bill had been approved by the Secretary of War and the Secretary of the Navy. After
51 some discussion, it was ordered that Mr. Coffin and Mr. Deeds of the Aircraft Board be asked to meet the Board and explain their program, including the materials which would be needed in carrying out the Aircraft program. Colonel Pierce was asked to secure the General Staff's opinion as to the place of priority airplane material should occupy in reference to other military needs.

War Industries—Committeemen interested in plants securing Government contracts.—Section 3 of the Food Control Bill seeming to

exclude from membership on committees, either advisory or executive, men interested in plants receiving Government contracts was discussed. It was decided to bring the question to an issue, using the case of Mr. H. G. Dalton, Chairman of the Pig Iron Committee, as a test case. The Chairman was asked to have the case properly prepared by Mr. Bulkley, of the Legal Committee, and to submit this to the Attorney General for opinion.

Allied Purchases—Secretary of War's letter.—A communication from the Secretary of War dated August 14, in answer to a communication from the Board dated August 10, asking that the Allies be instructed to submit all intended purchases to the War Industries Board before placing contracts in this country, was presented. In conformity with the instructions of the Secretary of War, the Board resolved that for the present whenever any proposed allied purchase is brought to the attention of this Board it will be plainly stated to the Ally that the Board will be glad to act in a friendly manner to aid in any suggested purchase, so far as it can, but that the effective working of a harmonious and comprehensive plan can only be brought about by the acceptance of the plan proposed by the Secretary of the Treasury with any modification that may be agreed
52 upon between him and the Government in question.

A copy of the Secretary of War's letter, together with the letter of the War Industries Board, above referred to, were ordered sent to each member of the Board for his information.

Organization—Statistical Department.—Relative to the establishment of a Statistical Department, Mr. Gifford stated that the Statistical Department of the Council of National Defense, under Dr. Ayers, could be put under the supervision of the War Industries Board. Judge Lovett presented a copy of the proposed organization plan for such a department. This was ordered brought to the Board's attention again on Thursday for action.

Cantonment Construction—Recommendations for contractors for Aviation building operations.—The following recommendations for contractors to undertake emergency building operations for aviation camps, from the Committee on Emergency Construction, were presented and referred to Mr. Scott, with power to act:

Two storage warehouses at Newport News, Va.; J. G. White Engineering Corporation, N. Y. C.

Aviation Field at Waco, Texas; Fred A. Jones Construction Co., Dallas, Texas.

Aviation Field at Wichita Falls, Texas; Gilsonite Construction Co., St. Louis, Mo., & Dallas, Texas.

Aviation Field at Memphis, Tenn.; Thomas-Harmon Co., St. Louis, Mo., & Memphis, Tenn.

Wooden Barracks at Essington, Pa.; William Steele & Sons Co., Philadelphia, Pa.

Terminal at Port Newark, N. J.; MacArthur Bros. Co., N. Y. C.

The Meeting adjourned at 5:15 P. M.

(sgd.) H. P. BINGHAM,
Secretary.

53 **Meeting of the War Industries Board held August 16, 1917, at 10: 00 o'clock A. M., in Room 945, Munsey Building**

Present: Mr. Scott, Chairman: Mr. Baruch; Mr. Brookings; Rear Admiral Fletcher; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary.

Duck—Price for Jeffersonville.—A communication dated August 1[illegible], addressed to Mr. Brookings from the Supplies Committee, relative to the price to be paid for 1,200.000 yards of No. 6 duck, with approval of Mr. Brookings endorsed on the letter, was presented. The action of Mr. Brookings in approving the price was confirmed by the Board.

Organization—Committee.—To secure a division of the work of the War Industries Board to make for the maximum of efficiency, Mr. Scott was instructed to supervise the activities of the Committee on Emergency Construction and Engineering Works, Storage Committee, and all committees and activities having to do with the procurement of artillery, machine guns, rifles, small arms, and ammunition of every kind. Judge Lovett was instructed to supervise the work of the Legal Committee in addition to and in connection with the handling of all priority matters. The Secretary was instructed to advise the various committees as to the action of the Board and to instruct them to report directly to the member
54 of the Board under whose supervision they would work.

Copper for Allies.—Mr. Baruch reported that the copper interests had agreed to deliver 77.000.000 lbs. of copper to the Allies on a memorandum, payment to be subject to final fixing of price. A discussion took place as to whether, in view of the fourth paragraph of the Secretary of War's letter addressed to this Board, dated August 14, this arrangement should be made known to the Allies requiring the copper. Mr. Baruch and Colonel Pierce were accordingly instructed to take up this situation with the Secretary of War and were given power to act in the matter upon the instructions given them by the Secretary of War.

Steel—Prices for shell steel.—A communication from the Ordnance Department, dated August 15, G. A. 471.1/53 asking for prices which should be paid for steel for making certain 4.7–8″ and 9.5 shells, was presented. The offer of the steel corporation to furnish the Government with the necessary steel on a memorandum until the final price was fixed was called attention to, and the question was referred to Mr. Baruch for action.

Copper—Prices—New Jersey Tube Company.—A communication from the New Jersey Tube Company, dated July 23, relative to their position as to the copper purchased for manufacturing driving bands for United States Government ammunition, was presented. This was referred to the Accountancy Committee to go into the records covering this transaction and report to this Board.

Organization—Committees—Lumber.—The question was brought up as to whether the functions of the Lumber Committee under Mr. Baruch should be changed for the purpose of securing greater
55 efficiency. By action duly taken, the Board decided that the functions of its subcommittees should not be altered in any way until a general statement of the present functions of all of the

Committees of the Board has been prepared. At this point Mr. Baruch and Colonel Pierce retired from the meeting to meet the Secretary of War.

Meeting adjourned at 1:00 P. M.

(sgd.) H. P. BINGHAM,
Secretary.

56 **Meeting of the War Industries Board held Friday, August 17, 1917, at 10: 00 o'clock A. M., in Room 945, Munsey Building**

Present: Mr. Scott, chairman; Mr. Baruch; Admiral Fletcher; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary.

Copper—Allied Purchases.—Colonel Pierce stated that in accordance with the instructions of the Board he and Mr. Baruch called upon the Secretary of War relative to the procurement of copper for certain of the Allies, with particular reference to the instructions given the Board by the Secretary of War under date of August 14, regarding such matters. The Secretary of War referred them to the Secretary of the Treasury, who was carrying on negotiations with the Allies covering this subject. The Secretary of the Treasury expressed preference for the instructions issued by the Secretary of War, in that the Board at present should only offer the Allies its friendly services until the present negotiations were completed. Colonel Pierce then stated that he again saw the Secretary of War, who suggested that taking all into consideration for this emergency, it might be preferable to arrange to furnish this copper at a price of 25¢, if such an arrangement could be possibly brought about through the individual friendly act of Mr. Baruch.

At this point Sir Charles Gordon and Mr. Brand, of the British War Mission, and Sir Joseph Flavelle, of the Imperial Munitions Board of Canada, entered the meeting. Mr. Scott stated that
57 of necessity this conference should be considered purely informal, whereupon an informal discussion of the price question was held, whereupon the Allied representatives withdrew, together with Mr. Baruch, with the understanding that Mr. Baruch would endeavor to secure the needed copper for them if he were able at 25¢ a lb., acting as an individual, independently of the Board.

Organization—Central Statistical Department.—Judge Lovett offered the following resolution relative to the organization of a Statistical Department.

Resolved, That the Director of the Council of National Defense be requested to establish in the building occupied by the War Industries Board an organization that will collect as speedily as possible, and preserve in the most convenient and intelligible form, and keep up to date, for the use of members of the War Industries Board and other boards and sections of the Council of National Defense and the Advisory Commission, the following information:

1. The names and addresses of establishments engaged in mining raw materials required in the manufacture of guns, ammunition, and other war materials, with the location of their mines and the approximate annual output of each.

2. The names and addresses of establishments engaged in the conversion of ores into pig iron and thence into steel in any of its forms, with the location of their plants and the approximate annual output of each.

3. The names and addresses of establishments engaged in the manufacture of artillery, ammunition, machine guns, rifles, and other arms, or metallic war

materials of any kind, with the location of their plants and the approximate annual output of each, together with the kind and character of output.

4. The names and addresses of establishments engaged in the manufacture or supply of other war materials, with the location of their plants or places of business, and the approximate annual output or volume of business of each, insofar as experience may develop the desirability of such records.

5. The names and addresses of establishments having contracts for the manufacture of any materials, equipment, or supplies of any character for this government or for its allies, used or required in carrying on the
57½ present war, with data showing the nature of such supplies, the amount under contract, the extent to which such contracts have been filled, and other information useful in that connection.

6. The amount and character, as far as the character can be safely disclosed, of all war munitions and of raw materials required in the manufacture of war munitions heretofore ordered but not yet delivered, and not yet ordered but that will be required prior to July 1, 1918, and from time to time thereafter as far as such requirements can be forecasted by the War Department and the Navy Department, also by our allies respectively; and of the requirements of steel and other metals in any form required or that will be required by the Emergency Fleet Shipbuilding Corporation and by other shipbuilders in the United States, and by manufacturers of agricultural implements, machinery, and other products, and by the building trades, and for all other purposes, as far as reasonably obtainable.

7. Prices paid by our allies in other countries for war munitions and for the materials entering into the manufacture thereof.

8. The shipping space available from day to day from ports of the United States to European ports and to transpacific ports.

9. Such other statistical data as the War Industries Board may from time to time request the Director of the Council of National Defense to compile.

Resolved further, That in compiling this information data shall first be secured relating to supplies, munitions, and materials of primary necessity to the armed forces of the nation; and that all of the records shall be of such a nature that their presence in the files shall not be deemed by the military and naval authorities to be prejudicial to the safety and welfare of the military and naval forces of the country.

This resolution was unanimously adopted.

It was further moved that the Industrial Inventory Section, under Mr. H. M. Lakeman, together with all other men engaged in Statistical work under the jurisdiction of the War Industries
57¼ Board should be placed under the supervision of Dr. Leonard B. Ayers, who was placed in charge of the Central Statistical Department.

Labor—Threatened Strike at Kansas City Plants.—Mr. Frayne presented two wires from Mr. Pfeiffer, of Kansas City, relative to a threatened strike of cutters engaged in Government work and asking that steps be taken by the Government for relief. These wires were referred to Mr. Bolton to investigate the details and report to the Board.

Steel—Price of Nickel.—Mr. Baruch presented a communication dated August 15, from the Ordnance Department, No. G 470.17/11, relative to an arrangement made with the nickel interests for supplying nickel to this Government at the same price as to the Canadian Government, and stated that the price of 40¢ was now offered by the Nickel interests.

It was moved and carried by the Board that this price should be considered satisfactory.

58 *Steel—Ferro-Vanadium.*—Mr. Baruch presented a communication from the Exports Administrative Board, dated August 13, relative to 100 kegs of ferro-vanadium held by the Primos Chemical Company, and which was thought might be for German consumption. It was the opinion of the Board that this material should be acquired by this Government and ordered that the matter be referred to Mr. Baruch for action.

Zinc.—Mr. Baruch stated that the Navy requirements of 2,000,000 lbs. of grade B zinc could be procured at 12¢ per lb. and 750,000 lbs. of grade B zinc for the Emergency Fleet Corporation at the same price. It was the opinion of the Board that this price should be accepted as being satisfactory.

War Industries Board—Committee membership.—Mr. Baruch stated that he and Judge Lovett had called upon the Attorney General relative to the status of committeemen interested in companies receiving Government orders and that the Attorney General had told them that a formal presentation of a definite case should be made to him, when the Department of Justice would give their opinion. Judge Lovett was requested to prepare such a case, together with Mr. Bulkley of the Legal Committee.

Labor—Sanitation at Yaphank.—Mr. Frayne reported his inability to reach Surgeon General Gorgas on this subject and was instructed to draft a communication to him covering the subject.

Price fixing—general—Pomerence amendment.—Mr. Frayne stated his inability to reach Senator Pomerene relative to an amendment introduced by him authorizing the Federal Trade Commission to fix the price on certain commodities, and was instructed to draft a communication to Senator Pomerene asking whether the passage of this amendment, in his opinion, would not cause a conflict
59 of power between the War Industries Board and the Federal Trade Commission.

Artillery Forgings—Status of Gun Forging Contracts.—A communication from the Ordnance Department, dated August 16, No. G. C. 472.811/296, attaching a report from the Chief of Ordnance to the Secretary of War relative to the status of Gun forging contracts and the needed appropriation therefor, was presented and referred to Colonel Pierce and Admiral Fletcher for their information and possible advices.

Labor—Draft Exemption.—Mr. Frayne brought up the need for exemption of men necessary in the various trades subject to draft, whereupon a communication dated August 10 from Converse & Company of New York and the Aberthau Construction Company of Boston bearing on this subject were referred to him with the request that he confer with General Crowder on this subject.

The Meeting adjourned at 1:00 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

60 Meeting of the War Industries Board held August 22, 1917, at 10:00 A. M., in Room 945, Munsey Building

Present: Mr. F. A. Scott, Chairman; Mr. B. M. Baruch; Mr. R. S. Brookings; Mr. Hugh Frayne; Judge R. S. Lovett; Colonel Palmer E. Pierce; Mr. H. P. Bingham, Secretary.

Navy requirements—general.—A communication was submitted for the information of the Board from the Secretary of the Navy addressed to Mr. R. S. Brookings, transmitting a statement of the Navy's needs for materials of all kinds, so far as the same can be anticipated to January 1, 1919.

Cantonment construction—need for additional funds.—A communication dated August 17 from the Committee on Emergency Construction relative to the need for additional appropriations for the completing of the National Army cantonments was presented and referred to Colonel Pierce, with a request that he bring this to the attention of the proper authorities to secure action.

Steel—Quality of shell steel purchased by British.—A communication from the British War Mission dated August 20th, asking that action be taken to improve the quality of shell steel purchased by the British, was presented and referred to Mr. Baruch for action.

6 *Gun carriages—American Car & Foundry Company.*—A communication from the Chief of Ordance dated August 15, No. 473/62 relative to a proposed arrangement for the securing of a quantity of gun caissons and limbers for 75 m/m guns from the American Car & Foundry Company was presented. It was moved and carried that the proposed arrangement be approved.

Organization—Letterheads.—A type of letterhead to be used by this Board was presented and adopted. It was decided that Mr. Baruch, Mr. Brookings, and Judge Lovett should use letterheads containing each name individually when acting in their capacity as members of the Special Purchasing Commission formed by the President.

Commandeering—Seizure of materials in warehouses intended for certain neutrals.—Judge Lovett reported that he had seen the Attorney General relative to the proper method for acquiring certain materials now in warehouses intended for shipment to various neutral countries, and that he had been informed that the Attorney General would be unable to advise this Board due to his other duties. It was thereupon the opinion of the Board that it would be necessary to build up in its organization a legal department sufficient to take care of all legal matters relating to the War Industries Board.

Food Administrator—Relation to War Industries Board.—Mr. Brookings presented a proposed letter to the Food Administrator defining the relations between the War Industries Board and the Food Administration. This communication was referred to Colonel Pierce for consideration and advices.

62 *Leather—Russet Bags.*—A communication from the Ordnance Department dated July 27th, order No. E. L. 33 asking for approval of price for certain leather for russet bags, was presented. A Communication dated August 11, from Mr. Brookings addressed to the Chief of Ordnance approving the prices quoted the Ordnance Department was similarly presented and the action of Mr. Brookings in approving these prices was confirmed.

Organization—chart.—A proposed chart of the organization of the War Industries Board was presented and approved, with certain modifications.

The meeting adjourned at 12:30 P. M.

(sgd) H. P. BINGHAM, *Secretary.*

63 Meeting of the War Industries Board held August 23, 1917, at 10:00 A. M., in Room 945, Munsey Bldg.

Present: Mr. Scott, chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary.

Cantonment Construction—recommending contractors for aviation.—Several recommendations for contractors to undertake emergency building operations for the Signal Corps from the Committee on Emergency Construction were presented and referred to Colonel Pierce for investigation and report.

Machine Guns for aviation.—Mr. Scott explained the desire of the Aircraft Board to purchase a quantity of Marlin Machine Guns and their wish that they be advised as to whether they might proceed with the purchase. It was duly moved and carried that Admiral Fletcher and Col. Pierce handle this situation, and were given power to act for the Board. It was further the sense of the meeting that the emergency was such that, if possible, the Signal Corps be allowed to proceed as they desired.

Rifle—Situation relative to procurement for Army.—The need for immediate data from the Ordnance Department as to the present situation of the rifle contract for the Army was discussed. It was duly moved and carried that such information should be before the Board not later than 10:00 o'clock A. M., Friday, August 24th.

64 *Intelligence—Orenstein—Arthur Koppel Company.*—Correspondence relative to the possible need for taking over the plant of the above company was referred to Judge Lovett for action.

Special Meeting—Federal Trade Commission.—Upon the solicitation of the Federal Trade Commission, brought about by the request of the President for a conference between the War Industries Board and the Federal Trade Commission, a conference was arranged for, to be held at 11:30 o'clock A. M. today.

The Meeting adjourned at 11:15 A. M.

(sgd.) H. P. BINGHAM, *Secretary.*

64 (2) Meeting of the War Industries Board held at 11:30 A. M., Thursday, August 23, 1917, in the Offices of the Federal Trade Commission

Present: War Industries Board: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Rear Admiral Fletcher; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Bringham, Secretary. Federal Trade Commission: Mr. Harris, Chairman; Mr. Colver; Mr. Davies; Mr. Brachen, Secretary.

Price Fixing—Federal Trade Commission.—Mr. Davies of the Federal Trade Commission stated that the President had called upon them yesterday and had requested that they arrange for a conference with the War Industries Board and that they make available to the War Industries Board data they have compiled relative to the costs of steel and copper. He stated that the President had said that these data would be used by the War Industries Board for the fixing of price in specific instances in the interim before the final report of the Federal Trade Commission on costs had been formally pre-

sented to the President and by the President to the War Industries Board for the final determination of prices. Thereupon the results of their investigations of the cost of steel and also copper were generally discussed. The Chairman of the Industries Board was requested, if possible, to communicate to the Federal Trade Commission the names of the specific plants whose costs it would be valuable for the War Industries Board to know in the fixing of prices
65 for specific purchases in the interim above referred to. Also, that because of the desire of the War Industries Board to be informed relative to the cost of shell steel, that the Federal Trade Commission be formally notified of the necessity for the securing of the cost of such steel in order that they could formally proceed to secure such data. Chairman Harris stated that all data regarding costs in the possession of the Federal Trade Commission would be at all times at the disposal of the War Industries Board.

The Meeting adjourned at 1:00 o'clock P. M.

(sgd.) H. P. BINGHAM.

66 Meeting of the War Industries Board held Friday, August 24, 1917, at 10:00 o'clock A. M., in Room 945, Munsey Building

Present: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary.

T. N. T.—T. N. A.—A report from Major Little dated August 23, relative to the advisability of proceeding with the letting of contracts for T. N. A. with a view of substituting this for T. N. T., was presented and referred to Admiral Fletcher and Colonel Pierce with power to act. The report as presented was approved by the Board.

Cantonment Construction—Recommendations for contractors to undertake Aircraft building.—Upon the further recommendation to the Board of Colonel Pierce, the following recommendations for contractors to undertake aviation building work made by the Committee on Emergency Construction were approved by the Board:

1. Aviation Field at Fort Worth, Texas, J. W. Thompson, St. Louis and Dallas.
2. Aviation Field at Houston, Texas, American Construction Company, Houston, Texas.
3. Aviation Warehouse at Richmond, Va., John T. Wilson Co., Inc., Richmond, Va.
4. Aviation Warehouse at Harrisburg, Pa., James L. Stewart, Pittsburgh, Pa.

67 *Organization—Artillery—small arms and ammunition section.*—The matter of organizing the artillery, artillery ammunition, rifle, small arms, and ammunition section of the War Industries Board was referred to Mr. Brookings for recommendations and advice to the Board.

Cantonment construction—progress report.—A report from the Committee on Emergency Construction showing the percentage of completion of each of the sixteen National Army Cantonments as of August 18th, 1917, was read for the information of the Board.

Cantonment construction—need for additional funds.—Col. Pierce reported that he had investigated the steps being taken to secure the

necessary additional funds for the completion of the Cantonments and had found that the matter was being given the proper attention through the regular channels.

Artillery forgings—shafting forgings.—The approval of Mr. Brookings covered by communication dated August 23rd relating to contracts to be placed by the Navy (Bureau of Steam Engineering) with the Allis-Chalmers Company, Midvale Steel Company, and the Bethlehem Steel Company was confirmed by the Board.

Rifles—Status of present contracts.—Col. Blunt was called into the meeting and presented a report relative to the status of the present rifle contracts and the number of rifles that are and will be available for the Army.

Machine Guns—Aircraft purchase—17,000 Marlin guns.—Mr. Scott brought before the Board the question of the necessary adjustment to be made in order that the Aircraft Board could secure 17,000 Marlin Machine Guns. He stated that the Aircraft Board reported that these guns could be made by the Marlin Rockwell Corporation in the interim before they would be in position to manufacture
68 the new Browning gun. Whereupon the following resolution was moved, seconded, and duly carried:

Resolved, That the Aircraft Production Board request the Ordnance Department of the Army to procure for them at the earliest possible date from the Marlin Arms Corporation, 17,000 of the machine guns of the Marlin Colt type, that this month successfully passed test at the Springfield Armory, funds for this purchase to be provided by the Aircraft Production Board based upon prices to be determined by the Ordnance Department, with the approval of the War Industries Board, and that Mr. Leonard S. Horner representing the Aircraft Production Board be associated with the Ordnance Department in this purchase and in supervising the manufacture of these machine guns.

It was requested that Colonel Pierce formally present this action of the Board to the Ordnance Department of the Army.

Chemicals—Linters.—A report relative to the conditions connected with the purchase of linters for the Government was presented and referred to Mr. Baruch for his information.

National Army.—Mr. Frayne brought up a communication from Mr. Tuttle, dated August 16, concerning the commissioning of men between the ages of 21 and 31. Mr. Frayne was asked to take this matter up further with Major Starrett.

Labor.—Mr. Frayne reported on the following papers which had been given him for investigation, saying that these matters were being given attention:

1. Letter from Mr. Gifford, dated August 3rd, attaching correspondence.
2. Letter from Ordnance Department to Major Little dated August 9th, labor troubles at Savage Arms Corporation.
3. Letter from Aberthau Construction Company, dated
69 August 13th.
4. Letter from Converse & Company, dated August 10th, and wire from Kenneth Gant, Dated August 11th.
5. Letter from International Association of Machinists, dated August 7th.
6. Letter from Secretary of War, dated June 27th.

Labor: Labor clause to be inserted in harness contracts.—Mr. Frayne presented for the information of the Board a wire from the

Quartermaster General to the Depot Quartermaster of Jeffersonville, Ind., dated August 22, instructing that a clause be inserted in all future contracts covering the manufacture of harness to the effect that the eight-hour law, including time and a half for overtime, be observed.

Artillery forgings—8" howitzers.—A communication from the British War Mission, dated August 22nd relative to the manufacture of 8" howitzers at the Midvale Steel Company's plant was presented by Judge Lovett. The matter was referred to Judge Lovett, with power to act.

The meeting adjourned at 12:30 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

68a PURCHASING AGREEMENT BETWEEN THE UNITED STATES GOVERNMENT AND THE BRITISH GOVERNMENT

MEMORANDUM of an agreement entered into this 24th day of August 1917 by the Secretary of the Treasury, with the approval of the President of the United States, and Lord Northcliffe, acting for and on behalf of the Government of the United Kingdom of Great Britain and Ireland, hereinafter called the British Government.

The following arrangement is entered into as one of the arrangements necessary or desirable for establishing such credits in the United States for the British Government as may from time to time be determined by the Secretary of the Treasury, with the approval of the President, under the authority of the Act of Congress approved April 24, 1917, or any subsequent similar act:

1. Bernard M. Baruch, Robert S. Lovett, and Robert S. Brookings are hereby designated a Commission through whom or with whose approval or consent all purchases in the United States of materials and supplies by or on behalf of the British Government shall be made.

2. The British Government, from time to time, shall, subject to the provisions of article 4 hereof, communicate its requirements for materials and supplies to the Commission, through such person or persons as shall be from time to time designated to the Commission as empowered by the British Government to make purchases on its behalf.

3. It shall be the duty of the Commission, subject to the provision of Article 4 hereof, to use their best efforts to obtain offers of the materials and supplies so shown to be required, at the best obtainable prices and terms, of delivery and otherwise, and to submit the same to the said person or persons representing the British Government, but it shall be no part of the duty of the Commission to prepare and sign contracts, or to supervise their execution, or to determine technical details, or to carry out the inspection of materials, all of which matters shall be the concern of the British Government. Said Government shall be under no obligation to make purchases of materials and supplies at the prices and upon the terms so submitted by the Commission, but it is agreed that it shall not, during the continuance of this arrangement, make purchases in the United States otherwise than through or with the approval or consent of the Commission. Such approval of the Commission may be given from time to time, according to the circumstances of each case, with reference to purchases of a specified general character, or specifically with reference to stated transactions; and the Commission may, according to the circumstances of each case, determine from time to time to give its consent, with reference to purchases of a specified general character or specifically with reference to stated transactions, that the same be made without the intervention of the Commission.

69b 4. Since other foreign governments engaged in war with the enemies of the United States may have entered or may enter into similar arrangements with the Secretary of the Treasury, with the approval of the President of the United States, it is understood that all such foreign governments shall agree among themselves as to their several requirements and as to the priorities of delivery desired to be observed as between them in respect to matters of major importance. Such agreement may be arrived at by an Inter-Allied Council sitting in Europe, or pending the establishment of such Council, be representatives of the Allied Governments acting in the United States. The Commission, in making negotiations and arranging for deliveries, shall take into consideration the recommendations of such foreign governments, so arrived at, and it shall be guided, so far as practicable, by such recommendations, as well as by the conditions existing in the United States, with reference to the possibilities of production and manufacture and the requirements of the United States.

5. The British Government shall use its best efforts to the end that this arrangement shall extend to and bind the dominions and dependencies of the British Empire beyond the seas.

6. The Commission shall determine their own organization and rules and methods of procedure, and may employ counsel and clerical assistance, all subject to the approval of the Secretary of the Treasury. The Commission shall be under no liability except in good faith to use their best efforts as aforesaid. The expenses of the Commission and their compensation, which together shall not exceed $150,000 per annum, shall be borne by the British Government. It is understood that in the event of other foreign governments entering into similar arrangements, such expense and compensation shall be borne by each of them in proportion to the purchases of such foreign government through the Commission.

7. Any or all members of the Commission may be removed by the President of the United States, who may, from time to time, fill vacancies, and designate an additional member or members of the Commission, or reduce the number of members of the Commission.

8. This arrangement shall continue until the expiration of ninety days after written notice shall have been given by the Secretary of the Treasury to the British Government, or by the British Government to the Secretary of the Treasury, of his or its desire to terminate the same; but in no case shall this arrangement continue beyond the termination of the war between the United States and its enemies.

69c 9. Any notice hereunder to the Secretary of the Treasury shall be deemed sufficiently given if delivered at the State Department in Washington for transmission to the Secretary of the Treasury. Any notice hereunder to the British Government shall be deemed sufficiently given if delivered, addressed to said British Government, to its agent designated as herein provided or at the Embassy of said Government in Washington.

10. Nothing herein contained, express or implied, nor anything done or omitted by the Commission shall impose any obligation or liability upon the United States, whether to advance moneys, to establish credits, or otherwise.

(Signed) WM. G. MCADOO,
Secretary of the Treasury.

(Signed) LORD NORTHCLIFFE,
Chairman of the British War Mission,
for and on behalf of the British Government.

70 Meeting of the War Industries Board held August 29, 1917, at 10:00 A. M., in Room 945, Munsey Bldg.

Present: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary.

Copper—Communication from the President.—Mr. Baruch presented a communication dated August 27, addressed to him as a member of the Purchasing Commission, from the President submitting a report prepared by the Federal Trade Commission for the President relative to the cost of production of copper for the month of June 1917. Mr. Baruch thereupon read and discussed the report above referred to. This report was referred back to Mr. Baruch for further consideration and report to the Board.

Labor—Situation in Copper Districts.—Mr. Baruch brought to the Board's attention the serious labor situation in the copper districts brought about by strikes. The Board requested Mr. Baruch and Mr. Frayne to lay this matter before the proper persons with a view of remedying the situation.

Price fixing—general.—The Chairman presented a communication from the Secretary of the Navy, dated August 23rd, having to do with the fixing of prices for various raw materials and attaching a copy of a letter he had addressed to Mr. Baruch on this subject.

71 The Chairman was requested to reply to the Secretary of the Navy to the effect that this Board has been waiting for some time for a report to be made to the President by the Federal Trade Commission relative to the costs of production of such materials, and that the Board agrees with the Secretary of the Navy that all possible speed should be exercised in the fixing of such prices. Mr. Baruch read for the information of the Board his reply to the Secretary of the Navy to the above-mentioned letter. The Secretary was instructed to send a copy of the Secretary of the Navy's letter to the Chairman and to Mr. Baruch, together with a copy of the Chairman's and Mr. Baruch's replies, to the Federal Trade Commission for their information.

Labor—Member on Emergency Construction Committee.—A communication from the Emergency Construction Committee, dated August 13th, attaching various correspondence between the Secretary of War, the Emergency Construction Committee, and Mr. Louis B. Wehle relative to the placing of a labor man on the Emergency Construction Committee, was presented and the following resolution having been duly made, seconded, was unanimously adopted.

Be it resolved, That the War Industries Board approves the suggestion made by its Committee on Emergency Construction under date of August 13, 1917, to the effect that a labor man be added as a regular member to the Emergency Construction Committee and that it concurs in the opinion of that Committee in declining to accept such a member to sit only with the Committee when choosing contractors for Government building operations as suggested in communication dated August 9th by Mr. Louis B. Wehle, approved by the Secretary of War and the Secretary of the Navy, and further it is requested that this Committee consult with Mr. Frayne, of the War Industries Board, when recommending such an individual as a member of that Committee.

72 *Legislation—Status of Committeemen.*—A communication from the Director, dated August 27th, suggesting that the War Industries Board take action to more clearly define the functions of the Advisory Committee on industry for the purpose of obtaining a decision on the point brought up by a rider attached to the Food Bill bearing on this subject, was presented. Action was deferred because of the fact that the Attorney General was about to report on this question as presented to him by the Chairman in a communication under date of August 21st.

Steel—Chrome ore.—Judge Lovett presented a communication from Mr. E. N. Hurley, Chairman of the Shipping Board, concerning the necessity for the importation of chrome ore. This matter was referred to Judge Lovett, with power to act.

Steel—British needs for acetone plants.—Judge Lovett presented a communication from the British War Mission asking for priority on a quantity of steel, likewise prices to be paid for the construction of two plants in this country to manufacture acetone for their own needs. Following their request, it was moved and carried that this steel be given priority over all other steel needs of the British Government and next to those of the United States Government, and likewise since the material was to be purchased not strictly by the British Government, they be advised that they should purchase the steel in the open market and that Mr. Baruch will use his kindly

offices to assist them in making this purchase. The papers were referred to Judge Lovett for such action.

73 *War Industries Board—Invitation from Secretary of the Navy to visit the Naval Gun Factory at Washington.*—A communication from the Secretary of the Navy, dated August 27th, addressed to the Chairman of the War Industries Board extending to the Board an invitation to visit the Naval Gun Factory at Washington and desiring to know when it would be most convenient for the Board to make this visit, was presented. The Secretary was instructed to address the Secretary of the Navy expressing the Board's thanks and stating that he will be presently communicated with as to the most convenient time, and further suggesting that a visit of approximately one and one-half hours would be preferable to the Members of the Board.

Cantonment Construction: Roads at Camp Meade.—Col. Pierce presented a report from the Committee on Emergency Construction relative to the condition of the roads at Camp Meade. The need for a comprehensive plan relative to the roads was commented on and the report ordered referred to Col. Pierce for further suggestions.

National Army—Supply of clothing.—Col. Pierce presented a report for the information of the Board prepared by Dr. Ayers, Chief of the Statistical Division, relative to clothing for the soldiers and its availibility at the cantonments during mobilization. This report was given to Col. Pierce for further investigation.

Labor—Mr. Frayne to get in touch with Labor.—It was moved, carried, and unanimously adopted that Mr. Frayne be requested to

74 get in close touch with the Committee of which Mr. Walter Lippmann is Chairman, and similarly with all labor work going on in connection with the Government as connected with industry, and he was requested to advise the Board on these subjects.

Navy requirements—Report from the Secretary of the Navy.—A report from the Secretary of the Navy, dated August 27th, No. 28817-1-MAT-1-ML 8/25 giving a list of raw materials and manufactured products required by the Navy Department was presented for the information of the Board, and a copy of this report ordered sent to each member of the Purchasing Commission.

The Meeting adjourned at 1:00 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

75 **Meeting of the War Industries Board held August 29, 1917, at 3:00 P. M., in Room 945, Munsey Bldg.**

Present: War Industries Board: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary. Russian Commissioners: Mr. S. Ughet, Mr. Morrsoff, Mr. R. Poliakoff, M. E. English Commisisoners: Sir Charles Gordon, Mr. R. H. Brand. Italian Commissioners: Gen. P. Tozzi, F. Quattrone. French Commissioners: Mr. Locombe, Capt. de Jarney.

Special Meeting—Allied Purchasing Commissioners.—Mr. Scott stated that the Allied Commissioners had been invited into conference with the War Industries Board because of the fact that the Members of the Purchasing Commission were also members of the

War Industries Board, and it was thought well to hold the first meeting together. Various phases of the purchasing agreement entered into by the Allies presently represented were discussed, particularly with reference to any leeway the Allies should be allowed in negotiating for the purchase of any separate articles. It was mutually agreed that lists would be prepared covering articles which should not be negotiated for by the Allies, except through the Purchasing Commission, and that meanwhile they should make no purchases without consulting the Purchasing Commission.

The Meeting adjourned at 4:30 P. M.

(Sgd.) H. P. BINGHAM, *Secretary.*

76 Meeting of the War Industries Board held August 30, 1917, at 10:00 A. M., in Room 945, Munsey Building

Present: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary.

Organization—Employment of Assistants.—It was moved and carried that each member of the Board is empowered to select and employ whatever assistants are felt to be necessary for the proper carrying on of the work assigned to each member without the need for confirmation of such employment by formal action of the Board.

Each member was requested to send formal notification to the Board of all assistants as they are employed, together with a statement of their proposed duties, except clerical help.

Publicity—Statement to press concerning false statement published.—The following statement to the press was ordered released for publication through Mr. Grosvenor B. Clarkson.

> The War Industries Board desires to state that the several items appearing in some of the newspapers within the last few days, to the effect that prices to be paid for copper have been decided upon by the Board of Purchasing Commission, and that certain arrangements have been made for purchasing copper and other metals, are without any foundation in fact. The frequent appearance recently of untruthful items purporting to give conclusions and action of the War Industries Board justifies a warning against any statement as to the Board's action not given out by the authorized representative of the Board.

77 *Emergency Construction Committee—Labor member.*—To represent labor on the Emergency Construction Committee the nomination of Mr. John Donlin, President of the Building Trades Department of the American Federation of Labor, suggested by the Emergency Construction Committee and Mr. Frayne was duly approved of by the Board and it was ordered that Mr. Donlin and the Emergency Construction Committee be so notified.

Mr. Baruch and Mr. Brookings at this point left the meeting.

Automotive Committee—Personnel.—The following recommendations for personnel to constitute the Automotive Committee were offered and confirmed:

Chairman H. L. Horning, Secretary and General Manager Waukesha Motor Co., Waukesha, Wis.

Colonel Chauncey B. Baker, Quartermaster's Department.

C. W. Stiger, President Stromberg Motor Devices Company, Chicago, Ill.; President Motor Car and Accessory Mfgr., New York City.

H. R. Sutphen, Vice Chairman National Association of Engine and Boat Mfrs., New York City; Vice President Submarine Boat Corporation, Elco Co., etc., New York City.

T. W. Henderson, President Motorcycle and Allied Trades Asso., President Henderson Motorcycle Company, Detroit, Mich.

F. H. Russell, President Aircraft Mfra. Association, Inc., President Burgess Co., Marblehead, Mass.

Coker F. Clarkson, Secretary and General Manager Society Automotive Engineers.

78 *Clearance Committee—Powers and functions.*—The proposed resolution covering the powers and functions of the Clearance Committee, was presented and referred to Col. Pierce for consideration and report.

Priority—Commission in London and Paris.—A communication from the Adjutant General, dated August 27th, attaching copy of a cable dated August 21 from the Military Attaché in London relating to the advisability of the establishment of a commission in London and Paris to allott shipping space to materials purchased in the United States for our overseas force, was presented and referred to Col. Pierce for investigation and advices to the Board.

Shortages—Thread and Linen, and Flax.—By action of the Board, the following articles were ordered added to the list of materials in which there is a shortage or in which a shortage is imminent. Linen thread, cotton thread, Manufactures of linen and flax.

Artillery Committee—The resignation of Major Benedict Crowell.—A communication from Major Benedict Crowell, dated August 24th, 1917, offering his resignation as a member of the Artillery Committee, was presented and accepted, and the Secretary instructed to express the thanks of the War Industries Board to Major Crowell for his valuable work as a member of that Committee.

Commandeering—Northwestern Terra Cotta Company.—A telegram from the Tribune relative to the fact that the Northwestern Terra Cotta Company which is controlled by German interests, has refused to furnish crucibles to manufacturers engaged in manufacturing material for the War needs of this Government, was presented.

79 It was moved and carried that the War Department be advised of this matter and also that it is the opinion of this Board that if investigation bears out the allegations made, that steps should be taken by the War Department to obtain possession of said plant.

Steel—Price for billets for 4.7" and 8" projectiles.—A communication dated August 30th, No. G. A. 470.14/247 from the Gun Division of the Ordnance Department relative to the arrangements made for the purchase of certain billets for 4.7" and 8" projectiles was presented for the information of the Board.

Cantonment Construction—Progress Report.—A report from the Emergency Construction Committee giving the percentage of completion of the various National Army Cantonments as of August 25th, was presented and ordered referred to Col. Pierce for his further investigation and with a suggestion that he bring it to the attention of the Secretary of War for the Secretary's information.

Cantonment—Recommendation—Contractors for aviation work.—The following contractors recommended for undertaking building operations at the given points were confirmed by the Board: Janse Brothers, Boomer, Crain & Howe, New Orleans, La., Aviation School at Lake Charles, La.; W. C. Hedrick Construction Co., Dallas, Texas, Aviation School at Dallas, Texas.

Steel—Key Bridge.—A communication from the District Engineer, dated August 24th relative to bids received for the construction of the Key Bridge and asking for priority for this material as a war need, was presented. It was the decision of the Board that orders for this steel should be placed with the American Bridge Company who, it was understood, has the material on hand at a price to be adjusted hereafter in accordance with the Presi-
80 dent's final ruling on this class of material and that this material be classed as a War necessity and be given priority accordingly.

Labor—Possible trouble at Dupont Company.—A communication from Mr. Samuel Gompers relative to the fact that certain employees of the Dupont Company are working seven days a week was presented by Mr. Frayne, and the Chairman was requested to communicate this matter to the Dupont Company with a view of ascertaining the Company's side of the question.

Labor—Northern Iron Company.—A communication from Director Gifford relative to the desire on the part of certain employees of the Northern Iron Company to work seven days a week, while the New York State laws do not permit of this and suggesting that the War Industries Board take action in this matter, was presented by Mr. Frayne. The Secretary was instructed to communicate with Mr. Gifford to the effect that the Board is not aware of any condition which would warrant such action by it at the present time.

Investigation—Senator McKellar, Emergency Construction Committee.—A communication from Senator Kenneth McKellar, of Tennessee, dated August 24th, and addressed to Capt. Edgar, of the Signal Corps, defaming the Committee on Emergency Construction of Building & Engineering Works, with particular reference to their recommendation covering the Thomas Harmon Co., of St. Louis, to build an Aviation Field at Memphis, Tennessee, together with Major W. A. Starrett's letter of August 30th, asking that an investigation of the charges made by Senator McKellar be instituted, was presented. By action of the Board, it was ordered that inasmuch
81 as Chairman Starrett is a reserve officer now on active duty and since it is the opinion of the War Industries Board that the investigation for which he asks should be made through the machinery of the War Department, the papers referred to should be transmitted to the Secretary of War. The Secretary was instructed so to do.

The Meeting adjourned at 1:00 o'clock P. M.

(Sgd.) H. P. Bingham, *Secretary.*

82 **Meeting of the War Industries Board held August 30, 1917, at 2:30 P. M., in Room 945, Munsey Building**

Present: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary.

Cantonment contractors—J. G. White Co. at Hampton Roads.—A communication from the Committee on Emergency Construction, dated August 30th relating to J. G. White Engineering Company who had been given a contract estimated at $200,000 for buildings for the Signal Corps and which contract had now been increased to $1,000,000, and asking whether the recommendation made for the

White Company would still be in force, was presented. It was the opinion of the Board that the recommendation of the White Company for this work remain as orginally made.

Publicity—Policy as to publishing prices.—Various correspondence with Mr. Grosvernor B. Clarkson relative to the advisability of publishing prices of purchases arranged for by the Board, was discussed and it was thought advisable to have Mr. Scott discuss this question further with Mr. Clarkson.

Labor—Arrest of J. G. White Company's employees.—A communication dated August 30th from the Signal Corps attaching a telegram from Mr. Steger, addressed to Capt. Edgar of the Signal Corps, stating that several employees of the J. G. White Engineering Company had been arrested for transporting men out
83 of the State, was referred to Mr. Frayne for investigation and report.

The Meeting adjourned at 3:45 P. M.

(sgd.) H. P. Bingham, *Secretary.*

84 **Meeting of the War Industries Board held August 31, 1917, at 10:00 A. M., in Room 945, Munsey Bldg.**

Present: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Judge Lovett; Col. Pierce; Mr. Frayne; Mr. Bingham, Secretary.

Projectile Committee—Resignation of Mr. Vandervoort.—The Chairman presented the resignation of Mr. W. H. Vandervoort, as Chairman of the Committee on Army and Navy projectiles, effective August 31, 1917. This resignation was accepted by the Board and the Secretary instructed to so notify Mr. Vandervoort, expressing the thanks of the Board for his activities as a member of this Committee.

Coal needed for Army and Navy—Dr. Garfield.—A communication from the Clearance Committee, dated August 31, suggesting that Dr. Harry Garfield be notified of the immediate need for coal for the Army and Navy was presented, and the Secretary was instructed to communicate to Dr. Garfield that the question of the supply of coal for both the Army and Navy should have his prompt consideration.

85 *Ordnance Section—Mr. G. F. Steedman.*—A communication from Mr. W. H. Vandervoort, dated August 31, relative to the possible appointment of Mr. Steedman to assume the duties as Chairman of the Committee on Army and Navy Artillery Projectiles, was presented and ordered filed.

Legislation—Postal rates.—A wire from the Associated Business papers, dated August 29th, relative to any possible action this Board might take in regard to the McKellar amendment to the War Revenue Bill having to do with the postal rates, was presented and no action taken. The Secretary was instructed to acknowledge the receipt to the Associated Business papers.

Price fixing—general—steel.—A communication from Mr. Baruch, dated August 31, calling attention to the alarming increase in the shortage of all raw materials and suggesting that all activities not necessary to the winning of the war be curtailed, together with a

communication from Mr. J. L. Replogle having to do with the production of steel, were presented for the information of the Board and a copy of Mr. Replogle's communication was ordered sent to each member of the Board for consideration.

British War Mission—Information desired—United States—Munitions' Program.—A communication from Mr. R. H. Brand, of the British War Mission, dated August 30th, requesting data as to the quantities of munitions ordered by the United States; the types, etc., was presented and referred to Col. Pierce for consideration and advice to the Board.

86 *Special Meeting—Mr. A. W. Shaw, of the Commercial Economy Board.*—A communication from the Director, dated August 27th, suggesting that Mr. Shaw, of the Commercial Economy Board, address the War Industries Board in connection with the activities of his Board, was presented and ordered referred to Mr. Brookings with power to act.

Rifles—status—contracts.—At this point Col. S. E. Blunt was invited into the meeting and reported relative to the status of the rifle contracts and recommended that the necessary steps be taken at once to furnish enough rifles for drill purposes for the National Army, which rifles would be replaced later by service rifles. It was the desire of the Board that Col. Pierce take this matter up with the General Staff. Col. Blunt at this point left the meeting.

Copper—Congressman Hayden, of Arizona.—At this point Congressman Hayden, of Arizona, was invited into the meeting upon his own solicitation. He spoke particularly in regard to the lowering of the wages for labor which would be brought about by the establishing of a low price for copper, and the need for keeping the price up in order to get the maximum output; as this was based upon the supply of labor because of the fact that the wage scale allows labor a relatively small percentage of the return

87 from an increased price of copper; he said he thought the Government should obtain this relative difference from the Companies by means of the excess-profits tax.

Referring to the strikes in the copper region in Arizona, he said that I. W. W. representatives had in small numbers entered the organizations of the various companies and that the unions had called the strikes for the purpose of anticipating such action being brought about at the instigation of the I. W. W. Mr. Hayden then left the meeting.

Price fixing—general—copper.—A communication from Mr. Baruch dated August 31, inquiring when the Board would be ready to confer with the President relative to the fixing of the price of copper, was presented. It was the decision of the Board that this subject should be discussed in the Board meeting on Wednesday, September 5th, and that the Board should be ready to confer with the President at any time after said meeting.

Publicity.—A communication from Mr. Grosvernor B. Clarkson dated August 31, suggesting that the statement submitted to him for the press warning the public against unauthorized statements as to the fixing of prices by the War Industries Board be withheld, was presented. This matter was discussed and the Chairman was requested to talk further with Mr. Clarkson on this subject, keeping

in mind the sense of the Board that no public statements should be made as to the work the Board is doing.

88 *Rifles—Rifle grenades.*—A communication from the Gun Division of the Ordnance Department, dated August 30th, no file number given, asking for confirmation of a proposed arrangement with the Westinghouse Electric & Manufacturing Company for the manufacture of 5,000,000 hand grenades was presented and was approved of by the Board, with the suggestion that, if possible, a clause should be inserted to the effect that relative to the $500,000 to be spent for new equipment by the Westinghouse Company that this equipment should either belong to the United States Government at the completion of the order or that the amortization charge be spread over all the orders that would be placed for this material with said company.

Labor—Arrest of J. G. White Engineering Company's Employees.—Relative to a communication from the Signal Corps attaching copy of telegram notifying of the arrest of certain White Company employees for attempting to ship laborers out of the State presented by Mr. Frayne, he reported that this was being looked into by the Department of Labor. For further consideration, the communications were referred to Col. Pierce for presentation to the Secretary of War.

89 *Priority—Certificates of priority.*—Judge Lovett as Chairman of the Committee on Priorities of the War Industries Board, submitted draft of Circular No. 1 which he desired to issue, embodying regulations respecting priorities, together with a form of priority certificate, and asked that, if approved by the War Industries Board, an effort be made to obtain the consent of the Secretary of War and Secretary of the Navy and of the Council of National Defense to public the same as bearing their approval, the said circular and certificate being in the following form, viz (see next page):

90 COUNCIL OF NATIONAL DEFENSE

WAR INDUSTRIES BOARD

[Circular No. 1]

Committee on Priorities: R. S. Lovett, Chairman; Major Gen'l J. B. Aleshire, Vice Chairman; George N. Armsby, Rear Admiral N. E. Mason, Edwin B. Parker, J. Leonard Replogle, Rear Admiral A. V. Zane.

WASHINGTON, D. C., *August 31, 1917.*

DIRECTIONS AS TO PRIORITY

During the war in which the United States is now engaged, all individuals, firms, associations, and corporations engaged in the production of iron and steel and in the manufacture of products thereof are requested to observe the following regulations respecting priority, viz:

1. *Classes Prescribed.*—All orders and work shall be divided into three general classes, Class A, Class B, and Class C, with various subdivisions of Classes A and B, indicated by a suffix number, thus, Class A1, A2, A3, A4, etc., and Class B1, B2, B3, B4, etc.

2. *Precedence of Classes.*—Orders and work in Class A shall take precedence of orders and work in both Class B and Class C, and orders and work in Class B shall take precedence of orders and work in Class C, irrespective of the date the orders were received; and orders and work in Class A1 shall take precedence

of orders and work in Class A2, etc; and Class B1 shall take precedence of Class B2, etc.

3 *Class A Defined.*—Class A comprises war work; that is to say, orders and work urgently necessary in carrying on the war, such as arms, ammunition, ships, etc., and the materials required in the manufacture of the same.

4 *Class B Defined.*—Class B comprises orders and work which while not primarily designed for the prosecution of the war, yet are of public interest and essential to the national welfare, or otherwise of exceptional importance.

5 *Class C Defined.*—Class C comprises all orders and work not embraced in Class A or Class B, and no certificate of the Committee on Priorities will be required therefor. Any order for work or material not accompanied by a certificate in substantially the form set forth on the reverse side of this sheet to the effect that the work or material falls within Class A or Class B, should be treated as an order for work in Class C.

6 *Materials Classified.*—All materials required in the manufacture of an article or in the prosecution of any work will be entitled to take the class of such article or work unless otherwise specified in the certificate covering the same.

7 *Certificates of Priority.*—Certificates in the form set forth on the reverse side of this sheet will be issued by the Committee on Priorities upon application therefor, specifying the classification of the order or work, and priority should be given accordingly in producing and furnishing the material or supplies, or in manufacturing and delivering the article. Certificates of a

92 subsidiary nature will be issued upon request for the furnishing of materials and articles required in manufacturing the article or prosecuting the work ordered.

8. *Classification of Existing Orders.*—All orders placed prior to the date hereof by or on behalf of the War Department or Navy Department of the United States or the United States Shipping Board Emergency Fleet Corporation should be classed as subdivision A1 of Class A, unless otherwise ordered by the officer placing the order or by the Committee on Priorities; and all orders for arms, ammunition, and other military supplies and equipment placed prior to the date hereof by or on behalf of the nations associated with the United States in the war in which it is now engaged should be classed as subdivision A2 of Class A unless otherwise ordered by the Committee on Priorities.

9. *Classification of future orders.*—All orders placed after the date hereof should be classed as Class C unless covered by certificates of the Committee on Priorities or other written directions of the said Committee.

10. *Execution of Certificates.*—Certificates or other documents signed by the Chairman, Vice Chairman, or any member of the Committee on Priorities shall be deemed to have been authorized by said Committee and by the War Industries Board of the Council of National Defense.

(sgd.) ROBERT S. LOVETT,
Chairman of the Committee on Priorities.

Approved:

COUNCIL OF NATIONAL DEFENSE,
By (sgd.) NEWTON T. BAKER, *Chairman.*

(sgd.) NEWTON T. BAKER,
Secretary of War.

(sgd.) JOSEPHUS DANIELS,
Secretary of the Navy.

93 (Form of Priority Certificate)

COUNCIL OF NATIONAL DEFENSE

WAR INDUSTRIES BOARD

Committee on Priorities: R. S. Lovett, Chairman; Maj. Gen'l J. B. Aleshire, U. S. A., Vice Chairman; George N. Armsby; Rear Admiral N. E. Mason, U. S. N.; Edwin B. Parker; J. Leonard Replogle; Rear Admiral A. V. Zane, U. S. N.

PRIORITY CERTIFICATE

No. _____ Washington, D. C., 1917.

This is to certify that priority as Class ____ (here insert letter, or letter and number, indicating class), in accordance with the regulations set forth on the reverse side of this sheet, is given to _____

(here insert name of individual, firm, or company having contract to furnish the material or article) for the following: (here insert materials or articles to be supplied), and for all the materials and articles required in the manufacture of the same, the said materials or articles being for the following purposes: (here insert so far as the Committee deems advisable the use to be made of the materials or articles).

Signed on behalf of the Committee on Priorities by its Chairman, Vice Chairman, or member at Washington, on the date above mentioned.

_____, _____,
Chairman (Vice Chairman or member) of the Committee on Priorities.

94 After consideration of said circular it was, on motion, unanimously—

Resolved, That the form of circular and certificate above set forth be, and the same is hereby, approved.

Resolved further, That the Secretary of War, the Secretary of the Navy, and the Council of National Defense be, respectively, requested to approve the said circular and authorize the issuance of same as bearing their approval, in order that the same may thereby be made more effective.

I hereby certify that the above is correct transcript of preamble and resolution this day adopted by the War Industries Board.

Witness my hand this 31st day of August 1917.

(Sgd.) H. P. BINGHAM,
Secretary War Industries Board.

94a This form was approved by the Board and Mr. Scott was requested to transmit this to the Secretary of War, the Secretary of the Navy, and the Chairman of the Council of National Defense.

The meeting adjourned at 1:00 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

95 Meeting of the War Industries Board held Sept. 5, 1917, at 10:00 A. M., in Room 945, Munsey Bldg.

Present: R. S. Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary.

National Army—Criticism—Methods—Supply Committee.—Col. Pierce stated that Quartermaster General Sharpe had complained to the General Staff concerning the methods pursued by the Supplies Committee in placing orders for woolen goods, saying that their actions had delayed the procurement of clothing for the National Army. Mr. Brookings and Mr. Frayne were asked to keep closely in touch with this situation and advise the Board.

Clearance Committee—Corps of Engineers.—Upon recommendation by Mr. Brookings, it was moved and carried that Capt. F. A. Dougherty of the Corps of Engineers be added as a member of the Clearance Committee.

Rifle—Reports—status of contracts.—Mr. Brookings presented a copy of the report submitted to the Board on August 24th, covering the present rifle situation, together with a report from Mr. S. M. Vauclain, dated August 25th, supporting the statements found in Col. Blunt's report. This was referred to Col. Pierce for his information and return for the files.

96 *Copper—Fixing of price.*—Mr. Baruch presented the report prepared by the Federal Trade Commission covering the determination of the cost of the production of copper given to him by the President, together with certain recommendations prepared by himself and Mr. Brookings as to the proper price to fix for the Government's purchase of copper. Upon motion duly made, seconded, and unanimously adopted, it was decided to recommend to the President in accordance with his instructions to Mr. Baruch that a price of 22¢ per lb. f. o. b. N. Y. be offered the copper producers for the United

States Government's requirements of copper. Mr. Baruch was asked to notify the President that the Board is now ready to confer with him on this subject.

Machine guns—Payments covering Lewis and Browning patents.—A communication from Major Little, Chairman of the Machine Gun Committee, dated August 30th, suggesting a method for settling payments to be made by the Government for patents to cover the manufacture of Lewis and Browning machine guns for the United States Government, was presented and referred to Col. Pierce with a view of his taking this matter up with the Chief of Ordnance.

Projectiles—9.5".—A communication from the Gun Division, Office of the Chief of Ordnance, dated August 31st, No. G. A. 471.17/34 asking for confirmation of arrangements suggested for the procurement of 75,000 9.5" common steel shells was presented. It was moved and carried that the Ordnance Department be advised that it is the decision of this Board that they should close the contracts as suggested but that in the case of the Carnegie Steel Company they call their attention to their agreement to furnish the Government's requirements of steel on memorandum, the price to be paid for
97 when the final price for steel for the Government is fixed.

Organization—Actions of Governmental Departments not in accordance with instructions.—A communication from Mr. Baruch dated August 30th, calling attention to the fact that certain Governmental Departments were negotiating for purchase of certain materials not in accordance with the instructions issued, was presented. Copies of this were ordered sent to Col. Pierce and Admiral Fletcher for their investigation and action.

Machine Tools—Price of Lathe.—A communication, dated August 29th, from the Gun Division, Office of the Chief of Ordnance, No. G. C. 472.32 relative to the large increase in cost of a 120" lathe which they wished to purchase, was presented. It was the decision of the Board that the Ordnance Department be advised that in its opinion the Secretary of War should place an order for this lathe under Section 120 of the National Defense Act, and should pay the contracting company the proper price for this lathe.

Intelligence—Making public contracts.—A memorandum from the Assistant to the Chairman calling attention to the fact that all contracts made covering material purchased by the Government are on file in the Department of the Interior for the inspection of the general public. It was the opinion of the Board that the law making this a necessity should either be repealed or suspended for the duration of the War. Judge Lovett was asked to ascertain whether this law could be suspended and advise the Board, it being the sense of the meeting that this should be brought about, if possible.

98 *Red Cross—Cooperation.*—A communication from Mr. Brookings, dated August 29th, advising the Board that the Red Cross would submit to the War Industries Board a list of its requirements in order that close cooperation in their purchases with the other Departments could be brought about, was presented for the information of the Board.

Steel—Price Fixing.—A communication from Mr. S. M. Vauclain, dated September 1, making certain suggestions as to the method for the regulation of the prices of coke, ore, pig iron, and steel was presented and a copy ordered transmitted to the Federal Trade Commission for their information.

B. M. Baruch—Personnel.—For record, Mr. Baruch presented the names of the following gentlemen as being added to his Department: Mr. J. Leonard Replogle, Mr. Alexander Legge, Mr. H. L. Gassin.

R. S. Brookings—Personnel.—For record, Mr. Brookings presented the names of the following gentlemen as being added to his Department: Mr. Everett L. Crawford, Mr. Clarence D. Kerr, Mr. Kenneth G. Carpenter, Miss Edith M. Phillips, Charles J. Kuglen.

The meeting adjourned at 1:00 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

99 **Meeting of the War Industries Board held Thursday, September 6, 1917, at 10:00 A. M., in Room 945, Munsey Building**

Present: Judge Lovett, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary.

Machine gun—Royalties to be paid for patents.—A report from the Machine Gun Committee, dated August 30th, and making certain recommendations as to the amount of royalty to be paid to holders of the Lewis and Browning machine gun patents was presented, and the recommendations as presented were concurred in by the Board. It was ordered that the Machine Gun Committee be advised of this action and asked to proceed with their negotiations along these lines.

Railway equipment—Locomotives ordered by Russia.—Judge Lovett presented a communication from Mr. Willard relative to the position of locomotive builders who had contracted to furnish certain locomotives for Russia and who, due to an order of the Secretary of War asking them to give preference to orders placed with them for locomotives by the United States Government, would be unable to complete such contracts in accordance with the terms, and asking to be relieved of any liability they would be under in connection with their Russian contracts, was presented. This matter was referred to Judge Lovett with a request that he secure from the Legal Department advice on this point.

100 *Gun Carriages—56" artillery wheels.*—A communication from the Ordnance Department, dated September 1, 1917, No. 473.817/256, asking for confirmation of prices quoted them by the W. A. Eberly Wheel Works, of York, Pa., for 5,000 56" artillery wheels, was received. It was the decision of the Board that a contract should be entered into by the Ordnance Department on the terms as outlined.

Organization—Small Arms Committee—Resignation of Mr. Otterson, Mr. Schlacks, and Mr. Kimball.—Two communications from Mr. Otterson, Chairman of the Committee on Small Arms, offering his, Mr. Schlacks', and Mr. Kimball's resignations as members of the Small Arms Committee, was presented, accepted, and referred to Mr. Brookings for acknowledgment, all to take effect as of September 6, 1917.

Organization—War Industries Board.—Communications from Mr. Brookings and Admiral Fletcher concerning the organization of the War Industries Board having to do with the responsibility of its

various members and subcommittees were presented, and Judge Lovett was asked to frame a resolution embodying the various points approved for submission to the Board at its next regular meeting.

The meeting adjourned at 12:30 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

101 Meeting of the War Industries Board held Friday, September 7, 1917, at 10:00 A. M., in Room 945, Munsey Building

Present: Judge Lovett, Acting Chairman; Mr. Baruch, Mr. Brookings, Admiral Fletcher, Mr. Frayne, Col. Pierce, Mr. Bingham, Secretary.

Special Meeting with Copper interests.—It was the decision of the Board that the next meeting should be held on Tuesday, September 11, 1917, at 10:00 A. M. to meet with the copper interests relative to the establishment of a price to be paid for copper by the United States Government.

Gun Forgings—Attitude of Bethlehem Steel Company.—A communication dated September 4th, from Mr. S. M. Vauclain attaching communication received from the Bethlehem Steel Company relating to their attitude in reference to the advanced funds paid them by the Government for additional plant extensions, and with particular reference to gun forgings, was presented and referred to Mr. Brookings and Col. Pierce to hold a conference with the Ordnance officers in charge of this work to discuss the situation.

Organization—Defining functions of Committees.—The Director entered the meeting and presented a resolution adopted by the Council of National Defense defining the functions of the Advisory Committees of industry which he submitted for the approval of the War Industries Board. This was referred to Mr. Brookings and Mr. Baruch for their consideration and report.

102 *Organization—Form of recommendations to the Governmental Departments.*—Admiral Fletcher presented a communication from the Navy Department asking whether they shall accept recommendations made them by the subcommittees of this Board as being official, and also asking that the reasons for the recommendations as made, be included with the recommendations. It was the decision of the Board that the first question would be settled by the proposed resolution covering this subject about to be adopted by the Board, and that in answer to the second question, it was considered unnecessary to furnish the reasons for the recommendations made to the various departments.

Labor—Draft Exemptions.—Mr. Frayne presented several communications from firms all having to do with the necessity for exempting certain of their employees from the draft, whereupon the following resolution was offered and unanimously adopted:

Be it resolved, That the War Industries Board suggest to the Council of National Defense that they give careful consideration to the matter of exempting from military service all those whose services are required in industry and other pursuits where they may be of more value towards the successful conclusion of the present war than in the military service.

It was ordered that a copy of this resolution be sent to the Chairman of the Council of National Defense.

Labor—Resolution adopted by New Jersey State Federation of Labor.—Mr. Frayne presented a copy of the resolution adopted

103 by the New Jersey State Federation of Labor at a convention held in August 1917, expressing their disapproval of all pro-German propaganda in this country and their loyalty to this Government in the War. This was ordered filed.

Organization—Resignation of Mr. S. M. Vauclain.—The resignation of Mr. S. M. Vauclain, dated August 18th, as Chairman of the Committee on Artillery was presented and referred to Mr. Brookings for action.

Instructions to the Board—Reports to Council of National Defense.—A communication from Mr. W. S. Gifford, Director, dated August 8th, requesting that the War Industries Board furnish him with reports monthly of its activities was presented. It was the decision of the Board that the Director be advised that due to the numerous directions of activities it would be nearly impossible to furnish him with comprehensive reports, but that the records of the Board are open to his inspection, and if upon perusal of same, he believes it possible to prepare intelligent reports, that he should advise the Secretary as to the form he would like the report to take.

Exports Council—Exportation to Switzerland of horses and linters.—A communication from the Exports Administrative Board, dated September 4th asking whether in the opinion of this Board, based on the availability of the supply, 240 horses and 1,000 bales of cotton linters should be exported to Switzerland, was presented. It was the decision of the Board that they should be advised that

104 the horses should not be exported, but that there was no sufficient reason from the supply standpoint to withhold shipment of the linters, but that their attention should be drawn to the fact that cotton linters were used in the manufacture of explosives.

Steel—Car wheels.—A communication from the Smiley Company asking whether they should be allowed to purchase car wheels from the U. S. Steel Products Co. for exportation into Canada was presented and referred to Judge Lovett for consideration.

Steel for plant to manufacture smokeless coal.—A communication, dated September 5th, from the Shipping Board, asking whether priority should be given steel needed for the erection of a plant to manufacture smokeless coal, was presented and referred to Admiral Fletcher for investigation and advice.

The Meeting adjourned at 12:15 P. M.

(sgd) H. P. BINGHAM, *Secretary.*

105 Meeting of the War Industries Board held Tuesday, September 11, 1917, at 10:00 A. M., in Room 945, Munsey Building

Present: Judge Lovett, Acting Chairman; Mr. Baruch, Mr. Brookings, Admiral Fletcher, Mr. Frayne, Col. Pierce, Mr. Bingham, Secretary; and Mr. Eugene Meyer, Jr. Representatives of Copper Interests: Mr. J. D. Ryan, Mr. Joseph Clendenin, Mr. Murry Gugenheim, Mr. James McLean, Mr. T. Wolston, Mr. R. L. Agassiz.

Copper.—Judge Lovett stated that the War Industries Board felt that a price of 22¢ per pound f. o. b. N. Y. for copper was a fair price and would allow the copper companies a reasonable profit. This price would hold for a certain period only when it could be

revised either upwards or downwards. Likewise that the wages being paid for labor at the present time should remain the same, notwithstanding the sliding scale agreements. The price to the
106 public should be the same as to the Government and the Allies. The enforcement of this last could be accomplished by the copper interests.

Mr. Rayan stated that the copper interests could not control the price to the public and that 22¢ per pound for copper would create a condition where the small high cost producers would not voluntarily cooperate in selling at the fixed price. They would, however, come in if 25¢ per pound were fixed.

He stated that to disturb the sliding scale rates now in force would be very harmful and would later lead to the curtailment of the production of copper. He further said that it would be impossible for the Government to commandeer all of the small high cost mines as there are such a great number.

He suggested further that possibly the best solution of the problem would be for the Government to buy all the copper and distribute it to consumers and then if the price fixed was high enough to stimulate production, it should hold for a considerable period, while if at a price which would tend to curtain production because of the small profit allowed and the impossibility of mining low grade ores at a profit, the Government should buy for as short a period as possible.

The representatives of the copper interests present gave assurances that they would do all they could to assist at whatever price was fixed but that if a price below 25¢ per pound were fixed, they felt sure that many mines would refuse to sell to the Government
107 unless forced to do so.

The meeting adjourned at 12:30 o'clock P. M. to reconvene at 10:00 A. M. Wednesday, September 12th.

(sgd.) H. P. Bingham, *Secretary.*

108 **Meeting of the War Industries Board held September 12, 1917, held at 10:00 A. M., in Room 945, Munsey Building**

Present: Judge Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Mr. Bingham, Secretary. Representatives of Copper Interests: Mr. J. D. Ryan, Mr. Joseph Clendenin, Mr. T. Wolfson, Mr. R. L. Agassiz.

Copper—Price Fixing.—Mr. Ryan stated that if 22¢ per lb. were fixed as a price for copper that it would be impossible to obtain the voluntary cooperation of the majority of mine owners. If 25¢ were fixed he assured the War Industries Board that he and the other copper producers present would obtain all the copper of the country voluntarily from all producers, and that he would see to it that the copper was properly distributed and the price controlled. This would likewise cover the 300,000,000 lbs. produced outside of the United States. Should 22¢ be fixed, this 300,000,000 lbs. could not be controlled. The breaking of the sliding scale of wages now in force which the War Industries Board stated they would insist upon when fixing a 22¢ price would, Mr. Ryan said, be disastrous and would eventually curtail production of copper. He said that the copper producers present would do all they could to help the Government no matter what price was fixed, but that they were convinced that at a 22¢ price they could not control the entire
109 copper output, and that being convinced of this fact they would suggest that other copper producers be appointed to manage the distribution of copper should the low rate be fixed. The copper producers at this point retired from the meeting.

Mr. Baruch was asked to inform the President that the War Industries Board is now ready to make its recommendations.

Exports Council—Scrap tin on license lists.—A communication from the Raw Materials Section suggesting that scrap tin be recommended to the Exports Administrative Board to be placed on the list of articles requiring a license to export was presented. It was the decision of the Board that such recommendation should be made.

Trucks—Priority—Trucks for Greece.—A communication from the Garford Motor Truck Company, relative to giving priority to motor trucks to be exported to Greece was presented and referred to Admiral Fletcher for investigation and report.

Organization—Securing contract data from Army, Navy, and Shipping Board.—A proposed communication from Judge R. S. Lovett, dated September 11, addressed jointly to the Secretary of War, the Secretary of the Navy, and the Chairman of the Shipping Board, asking for data covering their requirements and also
110 contracts placed for steel and steel products, and likewise the determination of priority of these requirements, was presented, approved, and ordered sent. Admiral Fletcher and Col. Pierce were requested to see to it that the requested information be secured from their respective Departments.

Projectiles—8" Howitzer shells.—A communication from the Gun Division, Ordnance Department, dated September 6, No. G. A. 471/16/478 relative to the placing of certain contracts for 8" howitzer shells was presented, and the recommendations as made were approved.

Fuses—Recording & Computing Machines Company.—A communication from the Gun Division, Ordnance Department, dated September 4, No. G. A. 471.821/222 relative to the placing of an order for 1,000,000 fuses with the Recording & Computing Machines Company was presented and it was the decision of the Board that the recommendation as made by the Ordnance Department be approved.

Army Equipment—marching shoes.—A recommendation by the Committee on Supplies, dated September 6, for the purchase of 50,000 pairs of marching shoes at $4.74 per pair from the Brown Shoe Company was presented and the action of Mr. R. S. Brookings in confirming the placing of this order on terms stated was approved.

Cantonment contractors—Quartermasters Training Camp at Black Point.—A recommendation of the Emergency Construction Committee dated September 7, suggesting that the W. R. Richardson & Company of Jacksonville, Fla., be given contract to undertake the building of the Quartermasters Training Camp at Black Point, Fla., was presented and confirmed by the Board.

111 *Cantonment Contractors—Aviation School at Lake Charles, La.*—A recommendation from the Emergency Construction Committee covering the contractor to undertake the construction of a two-squadron aviation school at Lake Charles, La., and suggesting

that Mason & Hangar Co. of Richmond, Kentucky, undertake this work, was presented and referred to Mr. Frayne with power to act.

Priority—Navy list.—A communication from the Secretary of the Navy, dated September 7th, furnishing a supplemental list of raw materials and manufactured products required by the Navy Department, the supply of which should be conserved for use of the United States and her Allies, was presented and referred to Mr. Baruch for advice.

The Meeting adjourned at 1:00 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

112 **Minutes of the War Industries Board held September 13, 1917, at 10:00 A. M., in Room 945, Munsey Building**

Present: Mr. Baruch, Acting Chairman; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Mr. Bingham, Secretary.

Exports council—Exporting machine guns and cartridges to China.—A communication from the Exports Administrative Board, dated August 10, addressed to the Secretary of War and referred to this Board for action relative to the advisability of exporting 200 machine guns and 1,000,000 cartridges to China, together with reports from the Ordnance Department and Clearance Committee in reference thereto, was presented. It was the decision of the War Industries Board that the Exports Administrative Board be advised that it is the opinion of the Board that this material should not be exported to China.

Publicity—Publishing of prices paid for War Materials.—A communication from the Director, dated September 12, attaching letter from Mr. Crounse of the Iron Age relative to the advisability of the publishing of prices paid for war materials by this Government, was presented. It was the decision of the Board that the Director should be referred to the action of the Board taken August 31st to the effect that the War Industries Board would not make public such prices, but that this must be necessarily done by the Army and Navy Departments and likewise that the Director should so advise the Departments.

113 *Clearance Committee—Member from Marine Corps and Shipping Board.*—A communication from the Clearance Committee, dated September 7, suggesting that a representative from the Marine Corps and the Shipping Board become members of the Clearance Committee, was presented. It was the decision of the Board that these members be added.

Automotive Committee—Mr. Girl replacing Mr. Riker on Military Truck Committee.—A communication from the Secretary of the Automotive Committee, dated September 7, suggesting that Mr. Christian Girl should replace Mr. Riker on the Military Truck Committee, was presented and confirmed.

Machine Tools—Method of placing contracts subject to the approval of government.—A communication from the Navy Department, dated August 15th, relative to the purchase of machinery for the Taylor-Wharton Iron & Steel Co., together with opinion of Mr. Carlisle and the Legal Committee on the subject of whether the approval of prices by the Government for such machine tools were possible, was presented and referred to Mr. Brookings for advice.

Rifles—Request of Senator Kellogg as to the status of contracts.—A communication from Senator Kellogg asking as to whether certain charges made by the American Machinist as to the effect that the manufacture of rifles for our Army is being needlessly delayed, and likewise whether the Council of National Defense is giving this subject its consideration, was presented. This was referred to Mr. Brookings with instructions to reply to the effect that the manufacture of rifles is not being needlessly delayed and that the War Industries Board is giving the subject its consideration.

114 *Rifles—spare parts.*—A communication from the Small Arms Division, Ordnance Department, dated September 8, No. R 474.8/53, recommending that contracts be entered into with the Remington Arms Company, Eddystone, the Remington Arms U. M. C. Company, of Ilion, and the Winchester Repeating Arms Company, of New Haven, for a quantity of spare parts for rifles under a cost-plus-profit contract, was presented. It was the decision of the Board that contracts should be entered into as recommended by the Ordnance Department.

Cantonment Contractors—Aviation School at Lake Charles, La.—Mr. Frayne reported that in accordance with the action of the Board taken September 12th, giving him power to act in connection with the awarding of a contract to build a two-squadron aviation school at Lake Charles, La., that he had confirmed the recommendation of the Emergency Construction Committee that the Mason & Hangar Company of Richmond, Ky., be given this work.

Projectiles—Booster cases for 75-mm shells.—A communication from the Gun Division, Office of the Chief of Ordnance, dated September 10, No. G. A. 471.81/106 relative to the placing of a contract for 1,000,000 booster cases for 75-mm shells with the Worthington Pump & Machinery Corporation on terms stated, was presented. It was the decision of the Board that the contract should be placed as recommended by the Ordnance Department.

Labor—Organization of steel workers by Amalgamated Association of Iron, Steel, and Tin Workers.—A communication from Lieut. Col. R. H. Van Deman of the Military Intelligence Section, dated September 10, calling attention to the present efforts of the

115 Amalgamated Association of Iron, Steel, and Tin Workers to organize in Sharon, New Castle, and Farrel, Pa., was presented. Mr. Frayne reported that these activities were entirely normal and should not be disturbed. This communication was therefore ordered filed.

Priority—Material sold to domestic consumers to be transferred to Allies.—A communication from Mr. Eugene F. Meyer, Jr., dated September 13, relative to the status of companies transferring material sold to domestic consumers to Allied Governments, was presented. It was the decision of the Board that the question involved was one of priority, and Mr. Baruch was requested to refer the matter to Judge Lovett for his consideration.

Nitrate—chemicals—additional bottoms needed for importation of nitrate from Chile.—Mr. Baruch presented a communication from Mr. Alexander Legge relative to the need for additional bottoms to import nitrate from Chile. It was the decision of the Board that

additional bottoms should be secured and Mr. Baruch was requested to secure action from the Priority Division relative thereto.

Organization—Minutes.—It was moved and carried that a copy of the Minutes of the War Industries Board be forwarded each day to each member of the Board and that the minutes thus presented would stand for approval as the first business each Wednesday morning. It was moved and carried likewise that Mr. Brookings secure an expert from the Institute for Gov. Research to consult with the Secretary for the purpose of reorganizing the records of this Board, if necessary.

The Meeting adjourned at 11:15 A. M.

(sgd.) H. P. BINGHAM, *Secretary.*

116 Meeting of the War Industries Board held September 14, 1917, at 10: 00 A. M., in Room 945, Munsey Building

Present: Judge R. S. Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne: Col. Pierce; Mr. Bingham, Secretary.

Rifle—Request of Senator Kellogg as to status of contracts.—A proposed communication to be addressed to Senator Kellogg relative to his letter of September 3rd. in connection with the status of the rifle contracts was presented by Mr. Brookings and ordered sent, with certain minor changes.

Niagara Power—A communication from Mr. Eugene F. Meyer, Jr., dated September 13, suggesting that a Committee be appointed to investigate the reported shortage of power at Niagara, was presented and ordered referred to Col. Pierce for investigation and report.

Allied purchases—Ships to be built for France on Pacific Coast.—A communication from the General Manager of the United States Shipping Board Emergency Fleet Corporation, dated September 11th, presenting copy of a communication received from the West Coast Lumbermens Association and asking whether there were any objections to France building ships on the Pacific Coast and whether the same price for lumber should be available to them as for similar lumber for the United States Government, was presented. It was the decision of the Board that it could see no objections for the building of these ships if this does not interfere with the priority of the building of ships for the Government, and that if such was
117 the case that they shall be allowed to purchase lumber at the same price as that paid by the United States Government.

Publicity—Filing of contracts for inspection of public.—Judge Lovett presented an opinion of the Legal Department, dated September 11, relative to the need for the suspension of the law requiring the filing of all contracts for material purchased by the United States Government in the Department of the Interior for public inspection. This opinion in effect was that no action by the War Industries Board was necessary. A copy of this decision was ordered sent to each member of the Board for their information.

T. N. T.—Supply of toluol.—A report from Mr. L. L. Summers relative to the supply of tolnol was presented and referred to Colonel Pierce and Admiral Fletcher for consideration and advice to the Board.

Steel—Intended purchase of 6" shells by the British.—Sir Charles Gordon and Mr. R. H. Brand of the British War Mission were invited into the meeting to clear up a misunderstanding relative to the intended purchase of 6" shells by the British Government in this country. Sir Charles Gordon stated that the program for shrapnel in Canada is being cut down considerably; that the program for 4.5" shells is being cut down somewhat; that the program for 60 pounders, also for 8" and 9.2" shells is being dropped; and that the program for 6" shells is being increased to such an extent that in order to meet the requirements they must purchase 6" shells in the United States. After some discussion relative to the possibility of the United States placing orders in Canada for 8" and 9.5" shells to take care of such idle capacity, Sir Charles and Mr. Brand withdrew.

118 *Commandeering materials in storage intended for neutral nations.*—Judge Lovett presented an opinion of the Legal Department, dated September 14, relative to the procurement of supplies held by individuals, firms, associations, or corporations other than original producers or manufacturers of such supplies who decline to sell or release them. It was ordered that a copy of this opinion be forwarded to each member of the Board for his information.

Artillery forgings—8" Howitzers for British from Midvale.—Correspondence relative to the production of 8" howitzers at Midvale for the British Government and lastly letter from Mr. R. S. Brand of the British War Mission, dated Sept. 8, was presented and referred to Colonel Pierce for consideration and report.

The meeting adjourned at 1 p. m.

(Sgd.) H. P. BINGHAM, *Secretary.*

119 Meeting of the War Industries Board held September 17, 1917, at 10: 00 A. M., in Room 945, Munsey Bldg.

Present: Judge R. S. Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Mr. Bingham, Secretary.

Labor—Dupont Co.—seven days a week labor at Hopewell.—Mr. Frayne presented a communication of September 13, from the Dupont Company relative to working hours of certain employees at their Hopewell plant in connection with a complaint sent in by Mr. Gompers. Mr. Frayne reported that nothing further could be done at this time. It was according ordered that the correspondence be filed.

Exports Council: Exportation of 7.62" shells to Spain.—A communication dated August 28th from the Exports Administrative Board asking whether 127 cases of 7.62" shells manufactured by the Bethlehem Steel Company should be exported to Spain, was presented. Upon the advice of Colonel Pierce it was the decision of the Board that this exportation should be allowed.

Steel—Price fixing: At this point Mr. S. M. Vauclain, Mr. Alexander Legge, Mr. L. L. Summers, and Mr. J. Leonard Replogle were invited into the meeting to discuss the fixing of the price of steel by the War Industries Board in accordance with the request of the President. The report on the cost of steel prapared by the Federal

Trade Commission and presented informally to the War Industries Board was discussed and methods for fixing the price of ore,
120 coke, and pig iron were taken up.

A meeting was arranged with the Federal Trade Commission to be held at 3:00 o'clock P. M. today to further investigate the subject.

The Meeting adjourned at 12:00 noon.

(sgd) H. P. BINGHAM, *Secretary.*

121 **Meeting of the War Industries Board held September 18, 1917, at 10:30 A. M., in Room 945, Munsey Bldg.**

Present: Judge R. S. Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Colonel Pierce; Mr. Bingham, Secretary.

Artillery Forgings—Report relative to Bethlehem and Midvale Plants.—Mr. S. M. Vaudain was invited into the meeting and discussed with the Board the report submitted on September 14th by the Special Board to investigate the Bethlehem and Midvale Steel Companies' Plants with a View of Increasing Production. Mr. Vauclain stated that the Navy Department had let certain contracts for forgings with the Midvale Steel Company at a flat price which is contrary to a spirit of cooperation with the other Departments. Mr. Vauclain was asked to present a statement to the Board stating exactly his views as to what actions should be taken to secure the maximum of production of artillery. The report was held over for further consideration.

The Meeting adjourned at 1:00 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

122 **Meeting of the War Industries Board held Tuesday, September 18, 1917, at 3:30 P. M., in Room 945, Munsey Building**

Present: Mr. Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Colonel Pierce; Mr. Bingham, Secretary.

Steel—Price fixing.—Mr. Summers, Mr. Replogle, and Mr. Legge were invited into the meeting and informally presented their views as to the proper method the War Industries Board should follow in the fixing of the price of steel. The Board agreed that the proper method to pursue in fixing the price for steel was to fix the price of ore, coal, coke, transportation, and pig iron separately, in this way building up a fair price for steel. It was likewise agreed that should the steel interests not be willing to give their full cooperation because of the price fixed, that the War Industries Board should take the necessary steps to take over the steel plants.

The Meeting adjourned at 5:00 P. M.

(Sgd.) H. P. BINGHAM, *Secretary.*

123 **Meeting of the War Industries Board held Wednesday, September 19, 1917, at 10:00 A. M., in Room 945, Munsey Building**

Present: Mr. Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary.

Artillery Forgings—Conditions at Midvale and Bethlehem Steel Companies' plants.—Mr. S. M. Vauclain, Lieutenant Pickering, of the Navy, and Major Jamieson were invited into the meeting to discuss the report presented by themselves, together with Colonel Pierce relative to the situation at the Midvale and Bethlehem Steel Companies' plants as connected with the production of artillery. The fact was brought out that at the Bethlehem Steel Company's plant the artillery department was running at only 60% capacity, largely due to a shortage of labor. The officials of that Company had told the Special Board that 5,000 additional men were needed and that they could not be employed unless housing facilities near South Bethlehem were obtained. After consideration, it was decided advisable to ask Mr. C. M. Schwab, E. G. Grace, and Mr. J. E. Mathews to meet with the Board Thursday morning, September 20th at 10:00 o'clock A. M.

The fact that the Navy had placed orders for shafting with the Midvale Company at a flat price was discussed and it was
124 decided that this matter should be taken up with the Secretary of the Navy and the Secretary of War. The report of the Special Board was adopted except as to the Bethlehem Steel Company.

Major Jamieson and Lieutenant Pickering then withdrew from the meeting.

Production Committee—Formation of.—The necessity for the formation of a Production Committee to assist the Military and Naval Departments in securing artillery, shell forgings, shafting and other forgings, was discussed, whereupon the following resolution was unanimously adopted:

Be it resolved, That Mr. S. M. Vauclain is hereby appointed a Committee on Production under the supervision of Mr. Brookings to represent the War Industries Board in the distribution and the placing of orders and in the assisting of the Military and Naval Departments of the Government in the production of guns, gun forgings, shell forgings, shafting and other forgings and forge stock material in order that no conflict in requirements will result, that the capacity of the various plants will be fully utilized, that the maximum production will be assured, and that new facilities will be created where necessary. Mr. Vauclain is authorized to associate with him such agents as he may from time to time consider necessary to carry on the work efficiently. He will associate himself with the various departments of the Government concerned in such a manner as to accomplish the purposes indicated above. It is the sense of the War Industries Board that the placing of all orders or contracts in the above list should be referred to this Committee before final negotiations are entered into with the manufacturers.

Admiral Fletcher and Colonel Pierce were requested to forward this resolution to the Secretary of the Navy and the Secretary of War, respectively, and to ask that they appoint officers to cooperate with the Committee on Production.

Steel.—Mr. Summers, Mr. Legge, and Mr. Replogle were then invited into the meeting and presented a report recommending the price at which to fix iron ore, coke, pig iron, re-rolling billets, shell billets, rails, bars, shapes, plates, and shell bars. It was the decision of the Board that it must be understood that any prices which were fixed should be based on the assumption that labor wages shall be no lower than at present. It was decided to inform the President at the conference to be held this afternoon at 3:00 o'clock that the prices here recommended are purely tentative and that it is the desire of the War Industries Board to hold a conference with representative from the steel interests before making definite recommendations to the President as to prices to be fixed.

The Meeting adjourned at 1:00 P. M.

(Sgd) H. P. BINGHAM, *Secretary.*

126 **Meeting of the War Industries Board held September 20, 1917, at 10:00 A. M., in Room 945, Munsey Building**

Present: Judge Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary.

Artillery Forgings—Situation at the plant of the Bethlehem Steel Company.—Mr. C. M. Schwab, Mr. E. G. Grace, Mr. J. E. Mathews, and Mr. Leonard of the Bethlehem Steel Company, also Mr. S. M. Vauclain, Lieutenant Pickering of the Navy and Major Jamieson were invited into the meeting. The question as to whether the Bethlehem Steel Company's plant was running on a basis of twenty-four hours a day was raised. Mr. Schwab stated that they were running on this basis but that due to the shortage of labor, particularly in the machining plant, the turns were not fully manned. He said that the Gun Forging Department was running at a 100% capacity.

Mr. Grace stated that they were employing in the Bethlehem plant approximately 28,000 men, and that it was necessary for them to secure 5,000 additional to run the machining departments at their full capacity, and that it was impossible to secure these men due to the lack of housing facilities in that district.

Mr. Schwab stated that the Company was unable to finance the building of houses for workmen due largely to the fact of their having just now borrowed $20,000,000, and would be forced to borrow $30,000,000 additional. The rate of interest they were obliged
127 to pay on this money was approximately 10%. He stated that they wanted the Government to help them finance the building of houses for the necessary additional men.

Mr. Grace stated that the Gun Forging Departments will continue to operate at full capacity, but that they feel the lack of men in the finishing of field guns. Gun Forgings are being given priority in the manning of the plant, also additional equipment for gun forging capacity. The capacity for rough machining gun forgings will be fully manned as it is installed and will take care of all forging output. The 3″ guns ordered by the Ordnance Department will be finished over the time limit set by the contract, except that due to a delay of about two months in sending specifications, the finishing of the contract will be delayed about two months after the date specified

in the contract. He stated that they had increased their force about 4,000 men since the United States entered the war and that men engaged in work limited to eight hours per day are receiving as much wages per day as others in the plant working ten hours a day.

Mr. Schwab stated that it was his idea that the Government should provide housing facilities for the men needed, as this appeared to be the only possible method of securing sufficient housing facilities. He stated that all the neighboring towns were crowded to the limit and could not take care of the additional 5,000.

Relative to their capacity for manufacturing 155/mm and 9.5 gun forgings, Mr. Grace stated that these facilities were engaged in manufacturing shafting and other work for the Navy, but that they
128 can increase their facilities for such sizes of gun forgings within a period of ten months to take care of an output of 2,000,000 lbs., per month or further up to 8,000,000 lb. per month at an approximate cost of $5,000,000 per unit of the capacity of 2,000,000 lbs. He stated that they would not care to own this increased plant, but that the Government should build and own it.

Judge Lovett stated that it was absolutely necessary that the Bethlehem Steel Company should operate at 100% capacity, and was assured by Mr. Schwab that this would be done as rapidly as the necessary labor could be housed.

The Meeting adjonrned at 1:00 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

129 **Meeting of the War Industries Board held September 21, 1917, at 2:00 P. M., in Room 945, Munsey Building**

Present: Judge Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary.

Copper—Price Fixing.—At the request of the President, the War Industries Board accomplished an agreement with the copper interests to supply the United States Government, the Allied Governments and the consuming public with copper at a price of 23½¢ per lb. f. o. b. New York. The President having approved of this arrangement, requested the War Industries Board to prepare a statement for the press setting forth correctly the arrangement as made. In line with this request, a statement as given below was approved by the War Industries Board and ordered sent.

After investigation by the Federal Trade Commission as to the cost of producing copper, the President has approved an agreement made by the War Industries Board with the copper producers fixing a price of twenty-three and one-half cents per pound f. o. b. New York, subject to revision after four months. Three important considerations were imposed by the Board. First, that the producers would not reduce the wages now being paid, notwithstanding the reduction in price of copper, which would involve a reduction in wages under the "sliding scale" so long in effect in the copper mines; Secondly, the operators shall sell, to the Allies and the public, copper at the same price paid by the Government, and will take the necessary measures, under the direction of the War Industries Board for the distribution of the copper and to prevent it from falling into the hands of speculators, who would increase the price to the public; and third, the operators pledge themselves to exert
130 every effort necessary to keep up the production of copper to the maximum of the past, so long as the war lasts.

The War Industries Board felt that the maintenance of the largest production should be assured, and that a reduction in wages should be avoided. The stipulation that the present wages shall not be reduced compels the maintenance of the highest wages ever paid in the industry, which without such stipulation would be reduced under the sliding scale with the reduction made in the price of copper. Within this year copper has sold as high as 36 cents per pound, and the present market price would be higher than it is had it not been well known for some weeks that the Government would fix the price.

The principal copper producers throughout the country have evinced a most patriotic spirit and for weeks have promptly supplied every request of the Government for copper, without awaiting decisions to price, and agreeing to accept the price which the Board should ultimately fix. The proper departments of the Government will be asked to take over the mines and plants of any producers who fail to conform to the arrangement and price, if any such there should be.

The President accepted the statement as presented and made it public.

Cantonment contractors — Recommendation — Contractor Black Point.—A communication from the Emergency Construction Committee recommending that their recommendation of W. P. Richardson & Co. to build a Quartermaster's Training Camp at Black Point, Florida, be withdrawn and that A. Bentley & Son of Toledo, Ohio, be given the work, was presented and their recommendation approved.

Cantonment Contractor — Recommending contractor Aviation Field—Alexandria, Virginia.—A communication from the Emergency Construction Committee recommending that the Noyle-
131 Robertson Construction Company, Washington, D. C., be given the building of an Aviation Landing field near Alexandria, Virginia, was presented and the recommendation approved.

Cantonment Contractor—Recommending contractor for addition to Watertown Arsenal.—A communication from the Emergency Construction Committee recommending that Stone & Webster of Boston, Mass., be given the work in connection with the proposed addition to the Watertown Arsenal was presented and the recommendation approved.

Cantonment contractor—Recommending MacArthur Bros. for Cantonment at Tenafly and the Port of Newark.—A communication from the Emergency Construction Committee recommending that in the awarding of contract to MacArthur Bros. to undertake the building of cantonments at Tenafly and the Port of Newark, aggregating approximately $11,000,000, that instead of placing one contract that a separate contract be given them for each job, was presented. This recommendation was approved because of the fact that the form of contract used specified that a contractor could at the maximum receive only $250,000 for one contract, and that as the work amounted to such a large total together that the MacArthur Bros. Company should not be required to accept a contract with such small percentage of return.

Cantonment construction—Organization of clearing house for all Government building operations.—A communication from Col. I. W. Littell, dated September 21, 1917, No. O–11.1, together with communication dated September 7, from the Emergency Construction Com-
mittee, both calling attention to the need for the organizing of
132 a clearing house for building operations of all departments of the Government, was presented. It was moved and carried that Admiral Fletcher, Colonel Pierce, and Mr. Frayne call together

representatives of the following departments and after such conference recommend to the Board the methods for securing the desired cooperation in the building operations: Yards and Docks, Quartermaster's Department, Signal Corps, Surgeon General's Department, Treasury Department, Shipping Board, Construction and Repair, Commandeering of Embarkation, Engineer Corps.

Lumber—Lumber Depot proposed by Engineer Corps at Mobile.—A communication from the Engineer Corps suggesting that a lumber depot be established by them at Mobile, together with report of the Lumber Committee, and also Mr. Baruch bearing on this subject, was presented. This was referred to Colonel Pierce for the purpose of asking the Chief of Engineers to meet with the War Industries Board to discuss this subject at some near future date.

Shortages—Zinc, copper, aluminum, chemicals.—A communications dated September 18, from Mr. Baruch suggesting that Zinc, Copper, Aluminum, Chemicals be placed on the list of items on which a shortage already exists or is probable and which should not be ordered by Government Departments without first consulting with the War Industries Board, was presented and it was ordered that these items be placed on this list.

133 *Shortages—Silk Cartridge Cloth.*—A communication from the Gun Division, Office of the Chief of Ordnance, dated September 13, 1917, No. G. E. 423.7/111 suggesting that silk cartridge cloth be placed on the shortage list was presented, together with a communication from the Clearance Committee endorsing such action. The placing of silk cartridge cloth on the shortage list was approved by the Board.

Machine Guns.—A communication from the Ordnance Department, dated September 14, 1917, No. 472.5/904 giving the intended machine-gun purchasing program, was presented. This communication was ordered filed.

Lumber Committee—Report for week September 17th to 22nd.—Mr. Baruch presented a report from the Lumber Committee for the week September 17th to 22nd, setting forth their activities for that period. Upon the recommendation of Mr. Baruch the Board approved the report and ordered it filed.

The meeting adjourned at 3:45 P. M.

(sgd.) H. P. Bingham, *Secretary.*

134a **Meeting of the War Industries Board held September 21, 1917, at 10:00 A. M., at Bureau of Mines, New Interior Building**

Present: Judge Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary; also Mr. Legge, Mr. Summers, Mr. Replogle.

Representatives of the Steel Industry: F. B. Baird, President, Buffalo Union Furnace Co., Buffalo, N. Y.; D. B. Bennett, Vice President, Pittsburgh Steel Company, Pittsburgh, Pa.; Frank Billings, President, Tod-Stambaugh Company, Cleveland, Ohio; L. E. Block, President, Block-Pollock Company, Chicago, Ill.; C. F. Blue, Jr., Vice President, Carbon Steel Company, Pittsburgh, Pa.; Jas. B.

Bonner, Representative, U. S. Steel Corporation, Washington, D. C.; J. A. Campbell, President, Youngstown Sheet & Tube Co., Youngstown, Ohio; E. A. S. Clarke, President, Lackawanna Steel Company, New York, N. Y.; A. H. Cordery, Gen'l. Mgr. of Sales, Phoenix Iron Company, Philadelphia, Pa.; John A. Crowley, President, John Crowley & Co., New York, N. Y.; H. G. Dalton, Partner, Pickands, Mather & Company, Cleveland, Ohio; W. B. Dickson, Vice President, Midvale Steel & Ordnance Co., New York, N. Y.; J. G. Deericks, Asst. Mgr. of Sales, Pittsburgh Steel Co., Pittsburgh, Pa.; W. H. Donner, President, Donner Steel Company, Philadelphia, Pa.; C. D. Dyer, Vice President, Shenango Furnaces Co., Pittsburgh, Pa.; J. A. Farrell President, U. S. Steel Corporation, New York, N. Y.; W. J. Filbert, Comptroller, U. S. Steel Corporation, New York, N. Y.; Chas. A. Fisher, Treasurer, Jones & Laughlin Steel Co., Pittsburgh, Pa.; A. A. Fowler, New York Partner, Rogers-Brown Iron Co.,
134b New York, N. Y.; J. H. Frantz, Vice President, Columbus Iron & Steel Company, Columbus, Ohio; E. H. Gary, Chairman, U. S. Steel Corporation, New York, N. Y.; F. H. Gordon, Gen'l. Mgr., of Sales, Lukens Steel Company, Coatesville, Pa.; E. G. Grace, President, Bethlehem Steel Company, South Bethlehem, Pa.; D. D. Hall, Vice President, Virginia Iron, Coal & Coke Co., Roanoke, Va.; F. . Hall, Vice President, Central Iron & Steel Co., Harrisburg, Pa.; H. F. Holloway, Sales manager, Jones & Laughlin Steel Co., Washington, D. C.; J. M. Hansen, President, Forged Steel Wheel Company, Pittsburgh, Pa.; W. S. Horner, President, Nat'l Ass'n of Sheet & T. P. Mfrs., Pittsburgh, Pa.; A. F. Huston, President, Lukens Steel Company, Coatesville, Pa.; C. L. Huston, Vice President, Lukens Steel Company, Coatesville, Pa.; H. R. Jones, United Alloy Steel Corporation, Canton, Ohio; Willis L. King, Vice President, Jones & Laughlin Steel Co., Pittsburgh, Pa.; Robert C. Lea, Secretary, Robesonia Iron Company, Philadelphia, Pa.; C. E. Lenhart, President, Century Coke Company, Uniontown, Pa.; W. W. Lukens, Secretary, Alan Wood Iron & Steel Co., Philadelphia, Pa.; Price McKinney, President, Corrigan-McKinney Company, Cleveland, Ohio; Chas. McKnight, President, Carbon Steel Company, Pittsburgh, Pa.; W. E. Manning, Vice President, Youngstown Sheet & Tube Company, Youngstown, Ohio; W. G. Mather, President; Cleveland Cliffs Iron Co., Cleveland, Ohio; E. W. Mudge, Claire Furnace Co. and Ella Furnace Co., Pittsburgh, Pa.; L. F. Nagle, President, Nagle Steel Company, Pottstown, Pa.; John C. Neale, Vice President, Midvale Steel Company, Philadelphia, Pa.; John B. Newton, President, Virginia Iron, Coal & Coke Co., Roanoke, Va.; A. Pardee, President, Pardee Steel Works, Philadelphia, Pa.; Leonard Peckett, President, Empire Steel & Iron Co., Catasauqua, Pa.; William Piggot, 1st Vice President, Pacific Coast Steel Co., San Francisco, Calif.; W. S. Pilling, President, Northern Iron Company, Philadelphia, Pa.; H. H. Pleasants, United Alloy Steel Corporation, Canton, Ohio.; Veryl Preston, President, Eastern Steel Company, New York, N. Y.; R. V. Rainey, Managing Trustee Estate of W. J. Rainey, New York, N. Y.; Wm. H. Reeves, Vice President, Phoenix Iron Company, Philadelphia, Pa.; R. V. W. Reynders, Chairman, American Tube & Stamping Co., Bridgeport, Conn.; F. B. Richards, Partner, M. A. Hanna Company, Cleveland, Ohio; James P. Roe, Gen'l. Mgr. Glasgow Iron

Company, Pottstown, Pa.; Chas. M. Schwab, Chairman, Bethlehem Steel Corporation, South Bethlehem, Pa.; Wm. T. Shepard, Treasurer, Rogers-Brown Iron Co., Buffalo, N. Y.; E. E. Slick, Vice President, Cambria Steel Company, Philadelphia, Pa.; F. K. Smith, Vice President, Valley Mould & Iron Corp'n., Sharpsville, Pa.; W. P. Snyder, Jr., Vice President, W. P. Snyder & Company, Pittsburgh, Pa.; Scott Stewart, Gen'l. Mgr. Estate of W. J. Rainey, New York, N. Y.; W. A. Thomas, President, Brior Hill Steel Company, Youngstown, Ohio; John A. Topping, President, Republic Iron & Steel Company, New York, N. Y.; S. M. Vauclain, Vice President, Standard Steel Works, Philadelphia, Pa.; C. P. Wheeler, of Pickands Brown Company, Chicago, Ill.; H. D. Westfall, Vice President, LaBelle Iron Works, Steubenville, Ohio.

134c *Steel—Price fixing.*—Judge Lovett stated that the reason for the meeting was that the President had requested the War Industries Board to obtain of the Steel interests their ideas as to the proper prices to be fixed for the various types of steel and its components. He then presented the findings as to the cost as presented by the Federal Trade Commission after their investigation. Judge Gary stated that there was nothing impossible in distributing steel, etc., to the Government, the Allies, and the public at large if a fair price was fixed.

After some discussion, the meeting adjourned until 4:00 P. M. to give the Steel interests the opportunity of discussing the proper prices to fix.

THE MEETING RECONVENED AT 4:00 P. M.

Judge Gary stated that those present had appointed Committees covering ore, coke, and pig iron who would explain their recommendations.

Ore.—The Committee on Ore consisting of Mr. G. H. Dalton, Partner in Pickands, Mathers & Co., and Mr. W. G. Mather, President Cleveland Cliffs Iron Company, stated that the ore sold last year for this year's consumption was on a basis of $5.05 per ton, lower lake port for non-bessemer mesaba ore. They suggested that the same price might be considered fair for the ore to be purchased this fall for consumption from June 1918 to June 1919, provided that wages for labor and cost of transportation remain the same and that if they don't a corresponding increase in price should be allowed. They stated that the profits for last year were higher
134d that the average for previous year but not as high as they have been in certain years in the past. Roughly speaking, they stated that the profit per ton last year was approximately $1.00. It was understood that the usual differential obtaining in the trade for higher grades of ore should be considered operative.

Cokes.—The Committee covering this subject, consisting of Mr. Scott Stewart, General Manager of W. G. Rainey Coke Company, and Mr. C. Leonard, President Century Coke Company, stated that the considered price of $6.50 a ton, ovens, for coke, be established. Judge Gary stated that he thought $6.00 a ton would allow a sufficient margin. Mr. Schwab confirmed Judge Gary's statement.

Pig iron.—The Committee covering this subject, consisting of Mr. Frank B. Richards, partner M. A. Hanna Co., and Mr. Leonard

Peckitt, President the Empire Iron & Steel Company, stated that in their opinion $35.00 a ton, valley, for basic iron would permit of 90% of the blast furnaces operating at a profit, and if coke can be established at $6.00, ovens, $30.00 pig iron is fair. Some exception was taken to this, largely because of the fact that contracts for coke at high prices for future delivery have been placed by many furnaces.

Steel.—Mr. Schwab, of the Bethlehem Steel Company, then presented figures showing that if a profit of 15% were allowed, ingots should sell at $52.25 a gross ton, billets at $60.30 a gross ton, and plates at $85.30 a gross ton.

The representative from the Lukens Iron & Steel Company stated that if pig iron was fixed at $35.00 a gross ton, that plates
134 would cost him on a basis of $3.45 a hundred pounds.

The members of the War Industries Board retired from the meeting to permit the steel interests to suggest prices on these commodities which, in their opinion, would be for the greatest benefit of the nation.

The Board was then waited upon by a Special Committee appointed by the Steel Interests consisting of Judge Gary, Mr. Schwab, and Mr. Dalton, who presented certain figures as being acceptable to the Steel Interests—whereupon the Board informed them that at the earliest opportunity they would wait upon the President relative thereto.

The Meeting adjourned at 8:15 P. M.

(sgd) H. P. BINGHAM, *Secretary.*

134 **Meeting of the War Industries Board held Wednesday, September 26th, 1917, at 10:00 A. M., in Room 945, Munsey Building**

Present: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Judge Lovett; Mr. Bingham, Secretary.

Production Committee—Acceptance of Mr. S. M. VauClain.—A communication from Mr. S. M. VauClain, dated September 24th, 1917, accepting this appointment as member of the Production Committee of the War Industries Board, was presented and ordered received.

Artillery Committee—Resignation of Mr. S. M. VauClain as Chairman.—A communication from Mr. S. M. VauClain, dated September 24th, resigning his position as Chairman of the Committee on Army and Navy Artillery, was presented. Mr. VauClain's resignation was accepted, and it was instructed that the thanks of the Board for his activities as Chairman of that Committee be conveyed to him.

Mr. VauClain advised that Board in his communication, above referred to, that all the members of that Committee had already either retired or resigned.

Cantonment Contractors—Recommendation—contractor—Additions to Watervliet Arsenal.—A communication, dated September 24th, from the Committee on Emergency Construction, recommending that the proposed additions to the Watervliet Arsenal be undertaken by the Fred T. Ley Company, was presented. This was referred to Mr. Frayne for recommendation to the Board.

135 *Organization—Resolution covering the Duties and Methods of Procedure of Members and Divisions of the War Industries Board.*—For the defining of the duties and methods of procedure of the War Industries Board, the following resolution, being duly made and seconded, was unanimously adopted:

Be it resolved:

AUTHORITY OF THE CHAIRMEN OF DIVISIONS

1. (*a*) The work of the War Industries Board shall be assigned as follows: (1) General administrative work of the Board to Mr. Scott, (2) Labor to Mr. Frayne, (3) The Navy to Admiral Fletcher, (4) The Army to Colonel Pierce, (5) Raw Materials to Mr. Baruch, (6) Finished products to Mr. Brookings, and (7) Priorities to Mr. Lovett.

(*b*) Mr. Scott, as Chairman of the War Industries Board, will give attention to the general administrative work of the Board, assign miscellaneous business not specifically falling to other members under the above allotment of the work, conduct or supervise the general correspondence, and generally to see that the work of the Board, as such, is carried on.

(*c*) Mr. Frayne shall give his attention particularly to labor matters requiring action or consideration by the Board.

(*d*) Admiral Fletcher shall give his attention particularly to Naval matters requiring action or consideration by the Board.

(*e*) Colonel Pierce shall give his attention particularly to Army matters requiring action or consideration by the Board.

(*f*) Mr. Baruch shall act for the Board in all matters pertaining to raw materials, except in cases in which the Board shall give specific instructions.

(*g*) Mr. Brookings shall act for the Board in all matters pertaining to finished products except in cases in which the Board shall give specific instructions.

(*h*) Mr. Lovett shall act for the Board in all matters of priorities, except in cases in which the Board shall give specific instructions.

2. Each member will have cognizance of all matters pertaining to the work assigned to him, with power to act; but from time to time will report to and advise with the Board respecting the progress of the work, or for additional instructions in general or upon any special subject.

136 Where any question, coming under the cognizance of their Divisions, is not covered by the approved policies or instructions of the Board, the matter will be investigated and reported to the Board with recommendation.

3. All correspondence or other records of transactions completed or in progress by the members of the Board shall be kept in their respective offices but shall be regarded as records of the Board and shall be open to the inspection of any member of the Board.

UNASSIGNED WORK

4. Miscellaneous matters not coming under the cognizance of the regular Divisions may be referred by the Chairman of the Board to any Division or to any member of the Board, with instructions to act or to investigate and report for the further action of the Board.

SUBCOMMITTEES

5. To assist the Divisions of the Board there have been created a number of subcommittees to advise on particular industries, on raw materials, and on finished products. Recommendation from these committees should be made to the head of the Division under which they are acting.

CLEARANCE COMMITTEE

6. To assist the divisions of the Board there is constituted a Clearance Committee, composed of officers of the supply bureaus of the Army and Navy, representative of the division passing upon purchases for the Allies, and such other members as may be designated. This committee, acting for the War Industries Board, will consider the placing of orders or contracts by the various departments desiring to purchase materials designated in the list showing that

a shortage exists or is imminent, its duties being to consider the price and source of supply involved in each case of a contemplated purchase and to avoid any obvious conflict with the supply of the same material for any other department. It will approve the placing of minor orders or contracts as recommended by the department concerned when fully satisfied of the propriety of the action desired. If matters of priority between the departments represented in the committee can be adjusted by the Committee, it will be so recommended to the Priority Division. If matters of price cannot be approved unanimously, the matter will be referred to the Division concerned.

137 It shall be the duty of the Clearance Committee to inform the Raw Materials Division or the Finished Products Division of the War Industries Board of such items of shortage as the Clearance Committee may develop from time to time, with a view of having these divisions arrange for an increased supply, or if necessary, for increased facilities. The Clearance Committee shall further inform the Division interested in those items of shortage, with a view of having satisfactory substitutes arranged for or the demand for these articles decreased.

The Clearance Committee will relieve the War Industries Board and its Divisions of as much detail work as practicable relating to the subjects.

MINUTES OF THE BOARD

7. The Secretary of the Board will keep the minutes of the Board, which will be submitted for approval.

CORRESPONDENCE

8. The Secretary of the Board, under direction of the Chairman, will handle the correspondence of the Board and assign the mail to the various committees. Other matter may be assigned as the Chairman may direct.

The Secretary will keep a record of the mail assigned and, where report to the Board is called for, will check up weekly to ascertain action taken.

The Meeting adjourned at 1:00 p. m.

(sgd.) H. P. BINGHAM,
Secretary.

138 Meeting of the War Industries Board held Thursday, September 27, 1917, at 10:00 A. M., in Room 845, Munsey Building

Present: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Judge Lovett; Mr. Bingham, Secretary.

Legislation—Pomerene Bill to give President power to fix price for steel and iron.—Mr. Baruch stated that Senator Pomerene had asked him whether the proposed bill granting the President the power to fix the price of iron and steel should, in the opinion of the War Industries Board be pressed, or whether, because of the present arrangement with the steel interests as to price, the bill should be dropped.

Upon request of the Board, the Chairman called Senator Pomerene on the telephone and stated to him, in the presence of the Board, that the Board being an administrative body purely and as such the representative of the Council of National Defense and the President felt it would not only be embarrassing but improper for it to initiate subjects of legislation.

Inasmuch, however, as the Senator had asked a specific question, the Board wished to reply that it could see no harm likely to arise from the passage of the proposed bill to give the President power to fix prices of iron and steel.

139 Senator Pomerene then responded and the response was communicated verbatim to the Board that he realized that the Board had faced the necessity for reducing steel prices; that therefore having found that action necessary and he and his associates on the Senate Committee realizing that there may be some question as to the legal authority of the President or his Commission to fix these prices, that it was their opinion that no harm could come from now fixing authority for such action in the President.

Statistical Department—Request to secure reports on certain minerals.—For the purpose of securing reports from the Statistical Department covering certain minerals, data on which being necessary for the proper carrying out of the work of the War Industries Board, the following resolution was moved, and carried:

Be it resolved, That the Division of Statistics be requested to secure through the cooperation of the Geological Survey reports on those war minerals in which shortages are apparently imminent, and that a beginning be made by securing reports on the supplies and resources of chromite, platinum, potash, manganese, tin, and pyrite, together with recommendations as to possible development of new resources and increases in production; and that the Division of Statistics be further requested to secure through cooperation with the Geological Survey similar reports on high grade sheet mica, high grade flake graphite, nickel, and cobalt, and on the war minerals of subordinate importance, such as vanadium, tungsten, molybdenum, antimony, and arsenic.

Machine tools—Question as to Priority—J. G. White Engineering Corporation for shipment to France.—A communication from the Signal Corps, dated September 25th, attaching copy of contract between the Signal Corps of the Army and the J. G. White Engineering Corporation of New York City, and asking for advice as to priority of such tools for shipment to France, was presented.

140 It was the opinion of the Board that the question raised was simply one of priority and that the papers should be referred to the Priority Division and that the Signal Corps be advised of this action, with the statement that since the question raised is only one of priority that the Signal Corps should understand that the Board does not approve of the arrangement made or the price fixed.

Organization—Policy as to the handling of details connected with agreement with copper and steel interests.—To clarify the policy which should be pursued by the Raw Materials Division in handling the details of the carrying out of the agreements as to prices fixed with the copper and steel interests, it was moved and carried that the Raw Materials Division should appoint a man to represent the War Industries Board who would keep in close touch with a Committee to be appointed by the copper and steel interests, respectively, which committees of the interests should not be considered subcommittees of the War Industries Board, but who should carry out the distribution of the materials they control under the supervision of the representative of the War Industries Board, as above referred to.

Organization—copper and steel—price agreements.—Upon motion, duly made, seconded, and unanimously adopted, the details for the carrying out of the agreements as to prices and distribution arrived at with the copper and steel interests were referred to Mr. Baruch to carry out in accordance with the policy of the Board, as adopted this date and covering these matters.

141 *Shipping—Locomotives.*—A communication from Mr. S. M. Vauclain, Chairman Committee on Production, dated September 25th, drawing attention to the fact of the large percentage of loss due to submarining of the locomotives recently shipped to France, and calling attention to the fact that this material had largely been shipped in slow and unarmed vessels, was presented. It was the opinion of the Board that proper precaution should be taken in the shipping of locomotives to France and the Chairman was requested to convey this opinion to the Secretary of War with the view of correcting the present conditions.

Storage Committee—Addition of Mr. Francis Lee Stuart.—A communication from Mr. M. L. Cooke, Chairman of the Storage Committee, dated September 25th, suggesting that Mr. Francis Lee Stuart be added as a member of his Committee, was presented. The addition of Mr. Stuart was approved of by the Board.

Tin—Handling of this subject given to the Raw Materials Division.—A communication from Mr. Legge, dated September 26th, drawing attention to the fact that several departments were handling the purchase of tin by the Allies, and that due to this fact it was impossible for the Raw Materials Division to keep track of this commodity, was presented. It was the decision of the Board that the Raw Materials Division should take charge of this metal and that they should take the necessary steps to do so.

At this point Mr. Brookings left the meeting.

Cantonment Contractor—Additions to Watervliet Arsenal.—A communication from the Committee on Emergency Construc-
142 tion, dated September 24th, recommending that Fred T. Ley & Co., Inc., be given the contract to build two manufacturing buildings at Watervliet Arsenal, was presented. Upon the advice of Mr. Frayne, the Board approved this recommendation.

The Meeting adjourned at 12:30 o'clock P. M.

(sgd.) H. P. BINGHAM,
Secretary.

143 Meeting of the War Industries Board held Thursday, September 28, 1917, at 10:00 A. M., in Room 945, Munsey Building

Present: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Judge Lovett; Mr. Bingham, Secretary.

Steel—Arrangement with steel industry—connection price fixing.—Relative to the arrangement made with the steel industry relating to a fixed price and the distribution of steel and its components, it was moved and carried that Judge R. S. Lovett, the Acting Chairman at the time of the negotiations with the Steel Interests, be authorized to send the following letter to Judge E. H. Gary who represents the steel industry in this matter.

SEPTEMBER 25, 1917.

Judge E. H. GARY,
71 Broadway, New York, N. Y.

DEAR SIR: This is to confirm the oral agreement between the War Industries Board and yourself and other representatives of the steel industry, arrived at on September 21st and approved by the President, as announced by him on September 24th, 1917, fixing the following prices, which became effective immediately and are subject to revision January 1st, 1918, for the articles mentioned, viz: Iron Ore, Lower Lake Ports basis, $5.05 per gross ton; Coke, Connellsville basis, $6.00 per net ton; Pig Iron, Valley basis, $33.00 per gross
144 ton; Steel Bars, Pittsburgh and Chicago basis, $2.90 per hundred; Steel Shapes, Pittsburgh and Chicago basis, $3.00 per hundred; and Steel Plates, Pittsburgh and Chicago basis, $3.25 per hundred. Also, first, that there should be no reduction in the present rate of wages; second, that the prices above named shall be made to the public and to the nations associated with the United States in the present war with Germany, as well as to the Government of the United States; and, third, that the steel producers represented at the meeting pledge themselves to exert every effort necessary to keep up the production to the maximum of the past so long as the war lasts.

Will you or those associated with you in the negotiations referred to please take up promptly or send representatives here to take up with Messrs. Baruch and Lovett the details for working out the placing of orders, the settlement of questions of priority, etc., and other matters necessary for carrying out the arrangement, and oblige?

Very truly yours,

(Signed) R. S. LOVETT,
Acting Chairman, War Industries Board.

Commandeering—Materials now in storage.—A communication from Mr. Baruch dated September 27th suggesting that a Department be established to locate the materials now in storage which could be used by the United States Government to advantage, was presented.

This matter was referred to Mr. Frayne for investigation and advice.

Organization—Mr. Eisenman to represent War Industries Board on Board for standardizing specifications.—A communication from the Clearance Committee approved by Mr. Brookings and dated September 26th was presented, suggesting that Mr. Eisenman act as a representative of the War Industries Board to sit on the Board of Officers from the Army, Navy, and Marine Corps, to be con-
145 vened for the purpose of investigating and recommending standard specifications and standard methods of test and shrinking of fabrics for these three branches of the service.

The Board approved of the nomination of Mr. Eisenman to sit with this Board.

Gun Carriages—900–155 m/m Howitzer carriages.—A communication from the Carriage Division, Office of the Chief of Ordnance, dated September 22nd, No. C. F. (24) 473.24, asking for approval of contract for 900—155 m/m Howitzer carriages to be placed with the Standard Steel Car Corporation, was presented.

The Board approved the placing of this contract with the assumption that the proposition has had the study of the experts of the Carriage Division and because it considers the proposed profit of from 10% to 15% reasonable.

Organization—Cooperation with the Navy.—The Board was called upon by the Secretary of the Navy for the purpose of ascertaining whether there was any truth in the published statements that friction existed between certain officers of the Navy and the War Industries Board. He was assured that so far as the members of the War Industries Board knew, there had been only the most pleasant relations with all officers of the Navy. The Secretary gave similar assurances from the Navy's standpoint.

The meeting adjourned at 1:00 o'clock P. M.

H. P. BINGHAM, *Secretary.*

134555—35——6

146 **Meeting of the War Industries Board held Wednesday, October 3, 1917, at 10: 00 A. M., in Room 945, Munsey Building**

Present: Judge Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Mr. Bingham, Secretary.

Cement and Lumber—reports from Federal Trade Commission sent in by The President.—A communication from The President dated September 21st attaching reports from the Federal Trade Commission on the cost of producing Portland cement in 1916 and the first six months of 1917, covering fourteen eastern cement companies and also on the cost of producing yellow pine mill-run lumber and timbers in twenty-one mills located in Mississippi, Louisiana, and Texas, and Douglas fir, spruce, and mill-run lumber and timbers of eleven mills located in Oregon and Washington, was presented.

These reports had been presented to Mr. Baruch on September 22nd for recommendation to the Board, and upon his recommendation the Chairman was requested to communicate to The President the following letter covering the questions raised:

147 OCTOBER 3, 1917.

The PRESIDENT, *The White House, Washington, D. C.*

MY DEAR MR. PRESIDENT: I have the honor of acknowledging your communication of September 21st with which you enclosed reports from the Federal Trade Commission on the cost of producing Portland cement in 1916 and the first six months of 1917 covering fourteen eastern cement companies and on the cost of producing yellow pine mill-run lumber and timbers in twenty-one mills located in Mississippi and Louisiana and Texas, and Douglas fir, spruce and hemlock mill-run lumber and timbers in eleven mills located in Oregon and Washington.

This Board has given careful consideration to the two subjects and it is our opinion as regards the cement industry that because careful estimates show that this Government will use only from one and two-tenths per cent to one and seven-tenths per cent of the production of the country, that probably the Government would not be justified in fixing a maximum price for the public. For its own requirements a reasonable price can be fixed under Section 120 of the National Defense Act.

The situation in regard to lumber is as yet under investigation and immediately upon a decision being arrived at we will notify you of our findings.

This communication arrived during my absence from Washington because of ill health and was referred by the Secretary of this Board to Mr. B. M. Baruch who has been given particular supervision over the subjects covered in the two reports submitted. The delay in acknowledging your communication has been due to these causes.

Respectfully,

(signed) F. A. SCOTT,
Chairman War Industries Board.

HPF/GV

148 In accordance with the action of the Board as above set forth, Mr. Baruch was handed the report on cost of lumber for further recommendation.

At this point Mr. Scott entered the meeting and took the chair.

Projectiles—6"—need for detailed information to confirm prices recommended by Ordnance Department.—The Large needs for additional shells for the Army, and in particular 6" shells, was raised by Mr. Brookings, and he presented a letter which he proposed sending to the Ordnance Department of the Army requesting that the Board be furnished with detailed information as to the method employed by the Ordnance Department to determine a price for such shells when making recommendations to the War Industries Board for the consideration of the Board.

The Board should see no reason why this letter should not be sent.

Chemicals—Soda Ash.—Mr. Baruch presented a request from the Navy Department for the procurement of 100,000 pounds of soda ash. Upon Mr. Baruch's recommendation, the prices which the Committee on Chemicals recommended were approved.

Organization—Machine Gun Committee—Resignation Mr. Frew.—A communication from Mr. William Frew dated September 28th offering his resignation as Secretary of the Machine Gun Committee was presented and his resignation was accepted.

Clearance Committee—Suggested membership from Optical Glass and Chemistry Committees.—A communication dated
149 September 29th from the National Research Council was presented, suggesting that the Optical Glass Committee be constituted a subcommittee of the War Industries Board and that the Chairman of the Optical Glass Committee be a member of the Clearance Committee and that the Chairman of the Chemistry Committee of the National Research Council become a member of the Clearance Committee.

This was referred to the Clearance Committee for their consideration and recommendation.

Copper—Notifying Trade Journals of price fixing.—A communication from Mr. Meyer suggesting that the War Industries Board write the Engineering and Mining Journal and other papers whose quotations are used as a basis for contracts, asking them to register the official Government quotation for copper, was presented. Such action was approved and the Secretary was instructed to so do.

Trucks—Position of Quartermasters Corps.—The following communication was presented from Colonel Chauncey B. Baker, Quartermaster Corps, and was ordered made a part of this record:

SEPTEMBER 8, 1917.

Memorandum for Colonel P. E. Pierce, General Staff.

1. Motor trucks sufficient to meet the requirements of an Army of the size now anticipated have been arranged for. Sixteen thousand three hundred trucks of the best commercial types have been contracted for by the Quartermaster Corps and are now in process of manufacture on a
150 schedule that will be completed June 30, 1918, and which will provide trucks as rapidly as they are needed by all Departments, except the Aviation section of the Signal Corps, who have arranged for a supply to meet their demands to January 1, 1918. The Standard military truck will be in production by January 1, 1918, and will be produced in quantities that should assure 15,000 of these by June 30th. After that time they can be produced in quantities that will be ample to meet any future needs of the Army, and, therefore, it will not be necessary for the Army to call on makers of commercial trucks to produce any after existing contracts have been filled.

2. This Department is now in consultation with the various parts makers and assemblers in the United States relative to the number of these military trucks that they can produce, and all who are to be called on to produce them will be in possession of these facts within the next few days.

CHAUNCEY B. BAKER,
Colonel, Quartermaster Corps.

JWF: GEJ

Housing—Communication from Admiral Capps, General Manager, Emergency Fleet Corporation.—A communication from Admiral Capps dated September 27th, relative to the need for the adoption of a general plan for housing, was presented.

This was referred to Mr. Frayne, with the request that he communicate with Admiral Capps and advise him of the actions now being taken covering this subject.

Cantonment contractors—Confirmation—Action Emergency Construction Committee authorizing George A. Fuller Company to build National Defense Building.—A communication from the Emergency Construction Committee, dated September 12th, was presented, asking for approval of their action in recommending that the George A. Fuller Company construct the National Defense building and advising that the Food Administration had given the Fuller Company an order direct to proceed with the work on their building adjoining the Defense Building.

These actions of the Emergency Construction Committee were approved of by the Board.

Organization—Commercial Attaché service offered by Department of Commerce.—A communication from the Department of Commerce dated September 22nd offering the services of the Commercial Attaché Service of that Department to the War Industries Board, was presented for the information of the Board.

Labor—Foreign-language circulars.—A communication from Mr. Redlogle dated September 20th together with correspondence from the Pressed Steel Car Company, drawing attention to the advantages of posting foreign-language circulars in plants manufacturing Government material, was presented.

It was the opinion of the Board that such matters as connected with steel plants came within his province as a member of the Steel Committee of Mr. Baruch's Division, and that the authority thus given him would permit him to take action. The Secretary was instructed to so advise him and likewise that Mr. Frayne would be glad to consult with him in such matters.

Inventions—Suggested formation Inventions Bureau.—A communication from Mr. Thomas Robins, Secretary of the Naval Consulting Board, bringing up the subject of an Inventions Bureau of Munitions, was presented.

152 Mr. Scott, Admiral Fletcher, and Colonel Pierce were appointed a committee with power to act to investigate the inventions situation and take the necessary steps to form such a bureau if it seems advisable.

Organization—Cooperation with the Navy.—A communication from Admiral McGowen dated September 29th setting forth understanding arrived at at a conference with members of the War Industries Board eliminating any possibility of friction between the Navy Department and the War Industries Board, was presented and ordered made a part of the records.

Exports Council—Spiegeleisen to Italy.—A communication dated September 22nd from the Exports Administrative Board requesting advice as to whether 2,000 tons of spiegeleisen should be permitted to be exported to Italy. After investigation Colonel Pierce recommended that this shipment be allowed to go forward, which recommendation was confirmed by the Board.

Artillery Forgings—8″ Howitzers for British.—Colonel Pierce presented a communication from the British War Mission dated October 1st calling attention to the delay they were experiencing in the

delivery of 8″ Howitzers from the Bethlehem Steel Company, and asking whether the War Industries Board could not expedite these deliveries. This matter was referred to Mr. Brookings with power to act.

Niagara Power.—Colonel Pierce presented reports as to the power supply at Niagara Falls and the need for increased supply on the United States side. Colonel Pierce was asked to take this up

153 with the Secretary of War to straighten out this condition and to say to the Secretary that if the Purchasing Commission can be of service they will be glad to trade with the Canadian Government on this point.

Chemicals—Need for increased powder supply.—Judge Lovett brought up the need for additional powder supply. Admiral Fletcher and Colonel Pierce were asked to take this up with the Navy and Army Departments with a view of obtaining prompt action to increase existing facilities.

The meeting adjourned at 11:45 o'clock A. M.

H. B. Bingham, *Secretary.*

154 **Meeting of the War Industries Board held Thursday, October 4, 1917, at 10:00 A. M., in Room 945, Munsey Building**

Present: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Judge Lovett; Colonel Pierce; Mr. Bingham, Secretary.

Artillery Forgings—need for additional forging capacity.—Mr. Brookings brought up the need for further development of gun forging capactiy. He was requested to take this matter up with Colonel Pierce, Major Jamieson, and Lieutenant Pickering, and make definite recommendations to the Board.

Food—Army supply to be handled by Food Administrator.—The Chairman reported that as a result of a conference between Colonel Pierce, Mr. Brookings, the Chairman, and the Secretary of War, it was agreed that the work of the Army Divisions on subjects of food will now be related to the Food Administration instead of the Committee of the Council of National Defense.

The meeting adjourned at 11:15 o'clock A. M.

H. P. Bingham, *Secretary.*

155 **Meeting of the War Industries Board held Friday, October 5, 1917, at 10:00 A. M., in Room 945, Munsey Building**

Present: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Judge Lovett; Colonel Pierce; Mr. Bingham, Secretary.

Emergency Construction Committee—Mr. Tuttle asks whether his resignation should be presented.—A communication from Mr. M. C. Tuttle, a member of the Emergency Construction Committee, was presented calling the attention of the Board to the fact of his connection with the Aberthaw Construction Company who had received a contract from the Fore River Shipbuilding Corporation

for the erection of a destroyer plant, the funds for which plant being supplied by the United States Government, and asking whether under these circumstances it was the wish of the Board that he resign from the Emergency Construction Committee because of Section 3 of the Food Bill.

It was the opinion of the Board that since Mr. Tuttle had no connection with the awarding of the contract, his relations to it do not in any way constitute a violation of Section 3 of the
156 Food Control Act, and that it is the desire of the Board that he continue on the Emergency Construction Committee.

Clearance Committee—membership from Optical Glass Committee and Chemical Committee.—A communication from the Clearance Committee reporting their opinion of the desirability of adding to their Committee a member from the Optical Glass Committee and Chemical Committee, as suggested by the National Research Council in their communication of September 29th, was presented.

The Board concurred in the opinion of the Clearance Committee that such additional membership was not necessary or advisable at this time.

Copper—Notifying the War and Navy Departments of price fixed.—For the information of the War and Navy Departments, the Secretary was instructed to communicate to the Secretary of War and the Secretary of the Navy the arrangement arrived at with the copper interests covering the price of copper.

Steel—price fixing—misunderstanding regarding Chicago as base point.—The following letter from Judge E. H. Gary relative to the agreement made between the steel interests and the War Industries Board was presented:

OCTOBER 1ST, 1917.

Hon. R. S. LOVETT,
Acting Chairman War Industries Board,
Munsey Building, Washington, D. C.

DEAR SIR: During the last few days I have been out of my office, and did not read nor receive your letter of September 25th until this morning.

Your statement of the arrangement in regard to the base prices for Iron Ore, Coke Pig Iron, Steel Bars, Steel Shapes, and Steel Plates is in accordance with my understanding, except there was nothing said in our conversations concerning Chicago as a base point of delivery. To make Chicago a base would
157 be a wide departure from the practice which has long prevailed and would probably result in changes of delivery prices of certain commodities of importance, and therefore not within the spirit of the arrangement which was made.

Sincerely yours,

(Signed) E. H. GARY.

The following letter was ordered prepared and sent to Judge E. H. Gary to cover the point raised as to Chicago as a basing point for steel:

OCTOBER 5, 1917.

Judge E. H. GARY,
71 Broadway, New York, N. Y.

DEAR SIR: Kindly accept this acknowledgment of your communication, dated October 1st, relative to the arrangement in regard to the base prices for Iron Ore, Coke, Pig Iron, Steel Bars, Steel Shapes, and Steel Plates.

Your statement that there was nothing said in the conversations concerning Chicago as a base point of delivery has been carefully noted. The fact now is that The President in his public statement included this point, and that without his further consent this cannot be eliminated.

Should it be of enough importance to again reopen the subject, it is requested that you so communicate it at as early a date as possible.

Very truly yours,

(Signed) R. S. LOVETT,
Acting Chairman War Industries Board.

158 *Steel and copper—Prices fixed—Official notice to Clearance Committee.*—Upon the request of the Clearance Committee to be advised officially as to the prices fixed in the agreements with the copper and steel interests, the Secretary was instructed to furnish that Committee with the prices as agreed upon stating, however, that a question had been raised concerning the use of Chicago as a basing point for steel, and that this matter is now under discussion.

Cantonment contractors—recommendation storage building at Baltimore, Md.—A communication from the Emergency Construction Committee dated October 2nd and recommending that the H. D. Watts Company, Baltimore, Md., be given contract to build a storage building at Baltimore for the Ordnance Department of the Army, was presented, and their recommendation approved.

Cantonment contractors—recommendation George A. Fuller Company for two office buildings at Washington.—Communications from the Emergency Construction Committee recommending that the George A. Fuller Company be given contract to build temporary office building for the Officer in Charge of Public Buildings and Grounds of the District of Columbia, and also to be given contract for building temporary office building for the Ordnance Department of the Army, was presented. These recommendations were
159 referred to a committee consisting of Colonel Pierce, Mr. Brookings, and Mr. Frayne with power to act.

Labor.—Mr. Frayne reported his action as follows on letters given him for attention:

1. Secretary of the Navy 10107-297 August 30th—proposed strike Washington Lumber District: That this subject is in the hands of the Department of Labor and a special committee appointed by The President.

2. Committee of Public Safety Pennsylvania September 13th—proposed investigation factory conditions: That the Secretary write Mr. Felton advising him to get in touch with Commissioner John Price Jackson, Department of Labor, Pennsylvania, under whose jurisdiction the matter of this complaint comes.

3. R. B. Price—two letters September 12th—education of labor: That he had referred these letters to Director Prosser of the Federal Board for Vocational Education for his attention.

4. Milwaukee County Council of Defense—labor troubles in plants manufacturing Government material: That committees now in existence are handling this and that this Board can do nothing further.

5. Military Intelligence Section 10110-199 Mr. O'Bleness as source of information as to labor conditions in Pittsburgh District: That this was now being handled by the Department of Labor and that no further consideration should be given.

These actions and recommendations were confirmed by the Board.

Housing.—Mr. Willard, Chairman of the Advisory Commission, expressed the desire that the War Industries Board be present at a meeting on the subject of housing to be held at 2:30 o'clock this afternoon.

Admiral Fletcher and Mr. Frayne were requested to attend the meeting with the understanding that the War Industries Board can take no action in this matter at this time, and without further consideration.

160 *Commandeering—Material stored for foreign shipment.*—Mr. Frayne presented a report from Mr. Gassin of the Raw Materials Division relative to material in storage for foreign shipment.

It was moved and carried that all the facts now at hand concerning this question be put before the Secretary of War to determine his policy in the matter and the process to be used to obtain this material, should this course appear to be desirable.

Mr. Baruch was requested to lay this matter before the Secretary of War.

Steel—Organization of Industry.—A telegram dated October 4th from Judge E. H. Gary relative to a committee appointed to represent the steel industry, was read and ordered made a part of these minutes and is as follows:

OCTOBER 4, 1917.

B 191 N. Y. 60
MP New York NY 1110 A 4
B. M. BARUCH,
War Industries, Munsey Building, Washington, D. C.

Subcommittee on steel and steel products appointed as an adjunct of the Advisory Commission has been disbanded with all subcommittees appointed by it. As President American Iron and Steel Institute I have appointed from its members, Committee on Steel and Steel Products which is prepared to assist War Industries Board in every legitimate way to secure steel and steel products.

E. H. GARY.

The meeting adjourned at 12:30 P. M.

H. P. BINGHAM, *Secretary.*

161 Meeting of the War Industries Board held Wednesday, October 10, 1917, at 9:00 A. M., in Room 945, Munsey Building

Present: Mr. Scott, chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary.

Organization—resignation of Mr. Kimball from Small Arms Committee.—The resignation of Mr. H. S. Kimball as a member of the Committee on Small Arms and Ammunition sent under date of October 5th, was presented. Mr. Kimball's resignation was accepted by the Board as of September 6th last.

Organization—Wire to the Secretary of the Treasury asking that Eugene Meyer, Jr., be released to the War Industries Board.—Because of the desire of Mr. Baruch to secure the services of Mr. Eugene Meyer, Jr., to assist in the work of the War Industries Board, the following telegram was ordered sent to the Secretary of the Treasury, with which Department Mr. Meyer is now engaged.

HON. WILLIAM G. MCADOO,
Secretary of the Treasury,
Tacoma, Washington.

I am instructed by the War Industries Board to ask you to release
162 Mr. Eugene Meyer, Junior, from active duty on the War Savings Cer-

tificate Committee. We are impelled to ask this sacrifice of you because his long experience has fitted him peculiarly for some of our most difficult problems of which he has been in charge for the last five or six months.

F. A. SCOTT, *Chairman.*

Chge. Council of National Defense.

Chemicals—Supply of powder.—Following the instructions of the Board, Rear Admiral F. F. Fletcher and Colonel P. E. Pierce presented the following communication addressed to the Chief of Ordnance as to the arrangement made for the available supply of powder:

OCTOBER 9TH, 1917.

From: The War Industries Board, Washington, D. C.
To: The Chief of Ordnance.

1. Referring to your letter of October 5th, addressed to Colonel Pierce, War Industries Board, Clearance is given the Ordnance Department of the Army for all the free capacity for the manufacture of smokeless powder by the Dupont Company during the year 1918 provided no disturbance results to the orders or contracts already placed therein by the Navy. The same clearance is authorized in regard to the Etna Explosives Company. It is understood that the Navy has placed an order for fifteen million pounds of smokeless powder with the Hercules Powder Company contingent upon the ability of the Navy to furnish said Company with its supply of necessary raw materials. Clearance has already been given the Navy by the War Industries Board for a total of twenty-nine million pounds of which the fifteen million pounds above referred to is a part. This still leaves the Navy fourteen million pounds short of its requirements, but the Bureau of Ordnance will recommend to the Secretary the extension of the Indianhead plant to provide this powder.

163 2. The proposition to allot to the Allies about 40% of the present available capacity of the Dupont plant beginning June 1918, is approved subject to revision later. The War Industries Board will notify the Allies substantially as follows. The allotment for smokeless powder with the Dupont Powder Company stands, as follows:

France, 5,500,000 lbs. per month, June to December 1918, inclusive.
Italy, 2,500,000 lbs. per month, June to December 1918.
Great Britain, 5,000,000, November and December 1918.
By direction War Industries Board.

(Signed) F. F. FLETCHER,
Rear Admiral, U. S. N.
(Signed) P. E. PIERCE,
Colonel, U. S. A., General Staff.

The Secretary was instructed to communicate to the French, Italian, and British War Missions the amount of powder allotted to their respective Governments and to ask them to confer with the War Industires Board relative thereto.

Steel—Price fixing.—At this point Mr. Replogle and Mr. Legge were invited into the meeting, together with the following representatives of the steel industry: E. H. Gary, Chairman U. S. Steel Corporation; J. A. Farrell, President U. S. Steel Corporation; W. J. Filbert, Comptroller U. S. Steel Corporation; C. M. Schwab, Chairman Bethlehem Steel Company; E. G. Grace, President Bethlehem Steel Company; Willis L. King, Vice President Jones & Laughlin Steel Co.; A. C. Dinkey, President Midvale Steel Company; J. A. Burden, President Burden Iron Company; C. A. Fichir, Treasurer Jones & Laughlin Steel Company; J. A. Topping, Chairman Republic Iron & Steel Company; H. G. Dalton, Pickands Mather & Company; E. M. S. Clarke, President Lackawanna Steel Company; J. A. Campbell, President Youngstown Sheet & Tube Company; J. B. Bonner, Representative American Iron & Steel Institute.

164 Mr. Scott explained that the reason for this conference was to come to an agreement as to the price which should be paid for various types of steel in accordance with the general agreement recently arrived at.

Judge Gary stated that the excess profits tax would largely even up the divergence of profits which would arise because of the difference in cost of the material in the various mills. He said that after careful consideration he was authorized to submit the following prices which are considered fair and reasonable by the steel industry.

Billets, $50.00 a gross ton.
Slabs, $52.00 a gross ton.
Sheet bars and small billets, $53.00 a gross ton.
Wire rods, $60.00 a gross ton.
Shell steel to 5¾ round, $3.35 per hundred pounds.
Shell steel, 8", $3.75 per hundred pounds.
Shell steel, 9" & 10", $4.00 per hundred pounds.
Shell steel, 12", $4.25 per hundred pounds.
Rails, $58.00 per gross ton for Bessemer and $60.00 per gross ton for Open Hearth.

It was the opinion of the steel representatives present that the price fixing which had already been done would not materially affect costs during the next quarter.

The price for rails was first discussed and it was suggested that since there were only five mills rolling rails and that since two of these mills had exceedingly high costs due to war conditions as affecting their ore supply, that it might be advisable to fix two
165 prices for rails, the one for rails purchased from the two high cost mills, namely, Bethlehem and Cambria, the other for the Colorado Fuel & Iron Company, the Lackawanna Iron & Steel Company, and the United States Steel Corporation, whose costs were very much lower.

This suggestion was criticised by the steel men present as establishing a precedent that might lead to further difficulties. It was thereupon decided to discuss the rail price as separate from the other materials and to hold a conference with the representatives from the five companies to arrive at a decision.

The meeting adjourned at 12:45 P. M. for fifteen minutes to allow the Board to consider the situation.

The Board reconvened at 1:00 P. M. and submitted figures which, in the opinion of the Board, would fix prices more equitable and which were somewhat lower than those submitted by the steel interests.

The meeting adjourned at 1:15 P. M. to reconvene at 2:30 P. M. to further discuss the price question.

The meeting reconvened at 2:30 o'clock P. M. with all those present as before with the addition of Mr. Price, McKinney, President, the Corrigan-McKinney Company.

Judge Gary stated that it was the opinion of those he represented that the prices submitted by the War Industries Board were
166 not such as to continue 100% production and would not be for the best interests of the country. He asked Mr. King of the Jones & Loughlin Company to state his position.

Mr. King said that the capacity of their mills required that to run at 100% capacity, they must purchase 25% of pig metal and that for this reason their costs made the prices proposed impossible.

Mr. Dinkey, of the Cambria Steel Company, called attention to his Wilmington plant whose cost on billets was approximately $50 and whose output was 10% of the total output of his company.

At this point Mr. Davies, of the Federal Trade Commission; Dr. Walker; and an assistant were invited into the meeting.

Mr. Topping, of the Republic Iron & Steel Company, stated that they must buy 20% of pig metal to run at capacity, and for this reason their costs make the proposed prices impossible.

Mr. Campbell, of the Youngstown Sheet and Tube Company, called particular attention to the fact that the figures of the Federal Trade Commission which the Board used as a basis for proposing prices do no longer apply due to the large increase recently in costs.

Mr. Clarke, of the Lackawanna Steel Company, stated that as their plant was almost entirely integrated, that the prices proposed
167 would allow them to operate at a small profit but stated that the differential between billets and sheet bars and also wire rods was not wide enough.

Judge Gary stated that the steel men present were chosen by the industry to represent the whole industry. Mr. Schwab said that by using the schedule as submitted by the steel men, more finished steel will be produced than by using the schedule as proposed by the Board. It was unanimously voted by the steel men present that they would agree to secure 100% production if the schedule they submitted were adopted.

The meeting adjourned at 5:00 p. m. to permit the Board and the interests to further consider the matter independently.

The meeting reconvened at 6:00 o'clock with all present as before with the exception of Mr. H. G. Dalton.

Mr. Scott stated that the Board was unable to agree to the figures as submitted by the steel interests, as the variance was too great between the prices which the Board proposed based on the Federal Trade Commission's figures and those proposed by the steel interests, but that the Board was willing to further consider the situation.

Certain reductions in the prices proposed were then suggested by the steel interests, whereupon the meeting adjourned at 6:30 for further independent consideration.

The meeting reconvened at 6:45 with all present as before,
168 whereupon the Board suggested the following prices which after consideration were unanimously agreed to by the steel interests:

Commodity	Price agreed upon	Basis
Blooms and billets	$47.50 GT	Pitts. & Ygstn.
Small billets	51.00 GT	"
Slabs	50.00 GT	"
Sheet Bars	51.00 GT	"
Wire Rods	57.00 GT	Pitts.
Shell Bars:		
3" to 5"	3.25 per 100 lbs	Pitts.
Over 5" to 8"	3.50 " " "	"
Over 8" to 10"	3.75 " " "	"
Over 10"	4.00 " " "	"
Skelp:		
Grooved	2.90 " " "	"
Universal	3.15 " " "	"
Sheared	3.25 " " "	"

The steel men unanimously agreed to use their best ability to satisfy the trade upon the basis of these prices.

Mr. Farrell stated that in his opinion these prices will bring out the full output of the country. The Board unanimously agreed to recommend these prices to the President as being for the best interests of the country.

The meeting adjourned at 7:30 P. M.

H. P. BINGHAM, *Secretary.*

169 Meeting of the War Industries Board held Thursday, October 11, 1917, at 10:00 A. M., in Room 945, Munsey Building

Present: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary.

Housing—report from Commission appointed by Advisory Commission.—A communication from the Director dated October 8th attaching report from the Commission appointed by the Advisory Council to investigate the housing subject was presented for the information of the Board and ordered filed.

Steel—Price fixing—Blooms, Billets, Slabs, Sheet Bars, Wire Rods, Shell Bars, Skelp.—In accordance with the agreement arrived at with the steel interests as to the prices to be fixed to cover the above-given items, the following statement was prepared for submission to the President:

The President has approved an agreement between the War Industries Board and the steel men, fixing the following maximum prices, which become effective immediately, and are subject to revision January 1, 1918, viz:

170

Commodity	Price agreed upon	Base
Bloom and Billets 4" x 4" and larger	$47.50 G/T	Pitts. & Ygstn.
Billets under 4" x 4"	$51.00 G/T	"
Slabs	$50.00 G/T	"
Sheet Bars	$51.00 G/T	"
Wire Rods	$57.00 G/T	Pittsburgh.
Shell Bars:		
3" to 5"	$3.25 per 100 lbs	"
Over 5" to 8"	$3.50 "	"
Over 8" to 10"	$3.75 "	"
Over 10"	$4.00 "	"
Skelp:		
Grooved	$2.90 "	"
Universal	$3.15 "	"
Sheared	$3.25 "	"

These prices enumerated have been fixed by the President on the assurance of those representing the steel industry that these prices equitably adjust the relations of the steel interests to each other and will assist them in fulfilling their obligations to give the country 100% of production at not to exceed the prices heretofore announced.

Measures will be taken by the War Industries Board for placing orders and supervising the output of the steel mills in such manner as to facilitate and expedite the requirements for war purposes of the Government and those nations associated with us, and to supply the needs of the public according to their public importance and in the best interest of all as far as practicable.

A spirit of cooperation was manifested by the Steel Men, and no doubt is entertained that every effort will be made to bring the production as nearly as possible up to the extraordinary demands resulting from the war.

This statement was presented to the President, approved by him, and ordered by him to be made public by the War Industries Board.

171 *Gun Carriages—order with Minneapolis Steel and Machinery Company.*—A communication from the Carriage Division, Office of the Chief of Ordnance, dated October 1st, No. CF (24) 473.24, asking for approval of proposed arrangement to be made with the Minneapolis Steel and Machinery Company for the manufacture of 350 155-m/m gun carriages, was presented.

Upon the recommendation of Mr. Brookings, after careful consideration, the Board approved the arrangement as suggested by the Carriage Division.

Chemicals—Alcohol—Proposed price fixing.—Mr. Baruch presented a report prepared by his Division for the regulation of the price of alcohol for this Government, the Allies, and the general public. The arrangement, as suggested, upon the recommendation of Mr. Baruch, was approved of by the Board.

It was ordered that this report be submitted to Mr. Herbert Hoover with the query as to whether, in case he does approve of this arrangement, he can include alcohol among the articles requiring licenses before they can be sold.

Chemicals—Smokeless powder—increase of Dupont capacity.—Mr. Scott reported that the Chief of Ordnance will recommend to the Secretary of War that the Dupont Company be permitted to expend $3,800,000 to create additional facilities to produce 3,500,000 more pounds per month of smokeless powder. Likewise that

172 he had practically decided to recommend that they be permitted to expend additional $90,000,000 to double their smokeless-powder capacity, and that the Chief of Ordnance expected to recommend this without bringing the matter before the War Industries Board.

Shortage—Large machine tools and cranes.—Upon the recommendation of the Clearance Committee in their communication of October 5th that large machine tools and cranes be added to the shortage list, the Board ordered that this be done.

Automotive Committee—Mr. Christian Girl resigns from Military Truck Committee.—The resignation of Mr. Christian Girl, dated October 5th, from membership on the Military Truck Committee of the Automotive Committee, was presented and accepted.

Niagara Power—Report from Col. Pierce.—Acting upon the request of the Board, Col. Pierce presented a report dated October 6th to the effect that he had called upon the Secretary of War relative to the cutting off of American power at Niagara Falls, and that the Secretary of War had asked him to ask the Purchasing Commission to exert the proper pressure so that no part of the water supply hitherto furnished the United States will be diverted. This report was ordered received.

Exports Council—Additional articles to require export licenses.—A communication from the Clearance Committee dated October

173 10th, together with communication of October 4th From the Chief of the Medical Section, Council of National Defense, endorsed by the Medical Corps of the Army, suggesting that cinchoma bark; gauze, hospital; gum opium; phenolphthalein; surgical in-

struments necessary in war; and sulphate of quinine be placed on the list of articles requiring export licenses, was presented.

It was the decision of the Board that the Exports Administrative Board be requested to place these articles on the export license list.

Machine tools—Locomotive cranes.—A communication from the Clearance Committee dated October 9th drawing attention to the need for increased facilities for the manufacture of locomotive cranes was presented. This communication was referred to Admiral Fletcher to investigate the situation and present recommendations to the Board.

The meeting adjourned at 1:00 P. M.

H. P. BINGHAM, *Secretary.*

174 Meeting of the War Industries Board held Thursday, October 11, 1917, at 4:00 P. M., in Room 945, Munsey Building

Present: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Colonel Pierce; Mr. Bingham, Secretary. Representatives of Steel Industry: E. H. Gary, Chairman, U. S. Steel Corporation; J. A. Farrell, President, U. S. Steel Corporation; W. J. Filbert, Comptroller, U. S. Steel Corporation; C. M. Schwab, Chairman, Bethlehem Steel Company; E. G. Grace, President, Bethlehem Steel Company; Willis L. King, Vice President, Jones & Loughlin Steel Co.; A. C. Dinkey, President, Midvale Steel Company; J. A. Burden, President, Burden Iron Company; C. A. Fisher, Treasurer, Jones & Loughlin Steel Company; J. A. Topping, Chairman, Republic Iron & Steel Company; E. M. S. Clarke, President, Lackawanna Steel Company; J. A. Campbell, President, Youngstown Sheet & Tube Company; J. B. Bonner, Representative, American Iron & Steel Institute; F. Baackes, Vice President, American Steel & Wire Co.; W. S. Horner, President, National Association Sheet Tin & Plate Mfrs.; John Bindley, Vice President, Pittsburgh Steel Company; J. G. Deericks, Pittsburgh Steel Company; George A. Mason, Manager of Sales, Jones & Loughlin Steel Co.; J. E. Frielsick, Secretary & General Manager, Kokomo Steel & Wire Co.; Edward L. Parker, Vice President & General Mgr., Columbia Steel & Shafting Co.; Roland Gerry, Manager of Sales, Cold Rolled Department, Jones & Loughlin Steel Company.

175 *Steel—Price fixing.*—Mr. Scott explained that the meeting had been called to arrive at agreements as to price to cover certain steel commodities, whereupon the following men, representing their respective branches of the steel trade, presented their ideas as to the proper prices to be fixed:

Pipe: Mr. J. A. Campbell, President Youngstown Sheet and Tube Company, Youngstown, Ohio.

Cold Rolled and Cold Drawn Steel: F. N. Bugle, President Union Drawn Steel Co., Beaver Falls, Pa.

Wire and Wire Products: Frank Baackes, Vice President American Steel & Wire Co., Cleveland, Ohio.

Scrap: Eli Joseph, Joseph Bros. Co., New York City.

Sheets: W. S. Horner, American Rolling Mill Co., Middletown, Ohio, and President National Association Sheet and Tin Plate Manufacturers, Pittsburgh, Pa.

These reports having been submitted and having been taken under consideration by the Board, the meeting adjourned at 6:15 P. M.

H. P. BINGHAM, *Secretary.*

176 Meeting of the War Industries Board held Friday, October 12, 1917, at 10:00 A. M., in Room 945, Munsey Building

Present: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Colonel Pierce; Mr. Bingham, Secretary.

Publicity—Method of making statements public.—A communication dated October 12th from Mr. Grosvenor B. Clarkson suggesting that when the War Industries Board is to make a public statement representatives from the prominent newspapers be called in to discuss the statement with a view of explaining to them technical terms, etc., was read for the information of the Board.

Exports Council—Suggested embargo of acetate and acetate products.—A communication from the Raw Materials Division suggesting that the Exports Administrative Board be asked to embargo all acetate and acetate products going to Canada, England, and France that are not proven exclusively for Government purposes, was presented.

Upon the recommendation of Mr. Baruch, the Board approved this recommendation.

Organization—Telegram from Mr. McAdoo relative to releasing Mr. Meyer to Raw Materials Division.—A telegram from
177 Mr. McAdoo dated October 11th relative to the releasing of Mr. Meyer from his Department to the Raw Materials Division and hesitating to release Mr. Meyer was read for the information of the Board.

Exports—Council—Proposed embargo on certain kinds of shoe leather.—A communication from the Secretary of the Navy dated October 11th enclosing communication from the Depot Quartermaster, Marine Corps, Philadelphia, suggesting that an embargo be put on certain kinds of shoe leather, was presented and referred to Mr. Brookings for recommendation.

Lumber—Decision as to price to be fixed.—The Board voted that the question as to the fixing of the price for lumber as raised by the Federal Trade Commission's report recently submitted to the Board by the President be made a special order of business at the meeting of the Board to be held on Wednesday, October 17th.

Intelligence—Suggestion that clause relative to spies, etc., be inserted in Government contracts.—A communication from the Naval Intelligence Department dated October 8th addressed to Mr. Legge and submitted by Mr. Baruch, suggesting that a clause covering spies, etc., be inserted in all Government contracts, was presented and referred to Admiral Fletcher for investigation and report.

Commandeering—Formation of Department to handle situation.—
178 Mr. Baruch presented a report giving a list of material in storage for enemy account which he recommended should be seized, likewise Mr. Frayne presented a report on this subject prepared by Mr. Gassin of the Raw Materials Division and which he endorsed to the effect that a special Department be

formed in the Raw Materials Section of the War Industries Board to handle the commandeering of such material.

The Board approved of such action being taken and instructed the Chairman to take this up with the Chairman of the Council of National Defense with a view of securing authority to establish such a department to work in conjunction with the various secret service departments of the Government with the direct purpose of securing this material now in storage for the use of our Governmental Departments.

The meeting adjourned at 11:45 A. M.

H. P. BINGHAM, *Secretary.*

178 **Meeting of the War Industries Board held Friday, October 12, 1917, at 3:30 P. M., in Room 945, Munsey Building**

Present: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Mr. Frayne; Col. Pierce; Capt. Bolton, Acting Secretary; and Mr. J. L. Replogle.

Steel—Price fixing—Sheets, Steel pipe, Scrap, Wire and Cold Rolled Steel.—Suggested prices pertaining to all of the above products were submitted by Mr. Replogle and discussed at some length.

After dealing with the cases individually, those present voted unanimously to accept the recommendations of Mr. Replogle with a change, however, on the price of common nails. The prices as agreed upon are given herewith with the understanding that Mr. Replogle was to advise Judge Gary, acting for the steel industry, of the decision of the Board and the Board were to take no further action in the matter until they had learned the steel industry's views of the prices through Judge Gary.

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Commodity	Price agreed upon	Basis
Bess. & O. H. Sheets:		
Black #28	$5.00 per 100 lbs.	Pitts.
Blue annealed #10	4.25 " " "	"
Galvanized #28	6.25 " " "	"
Steel Pipe: black ¾ to 3" BW	52 & 5 & 2½%	Pitts.
Scrap		
Heavy melting	$30.00 GT	consuming point.
Cast iron boring & machine shoe turnings	20.00 GT	consuming point.
R. R. Wrought #1	35.00 GT	" "
Wire:		
Plain 9 gauge	3.25 per 100 lbs.	Pitts.
Common nails base	3.65 " " "	" (U. S. S. Corp. and Y. S. & T. CO to remain at $3.20.)
Cold Rolled Steel	17½% discount from March 15th, 1915, list.	Pitts.

Cantonment contractors—Recommendation Baltimore Ammunition Depot at Curtis Bay Station: Norfolk Ammunition Depot at Pig Point Station: Raritain Ammunition Depot at Perth Amboy, N. J.—Colonel Pierce presented recommendations of contractors for the construction of the above-mentioned ammunition depots, all of which contractors were recommended by the Emergency Construction Committee.

This matter was ordered referred to a committee consisting of Mr. Scott, Colonel Pierce, and Mr. Frayne with power to act.

Lumber—Memorandum to Secretary of War regarding contract.—Colonel Pierce presented a memorandum which had been drawn for submission to the Secretary of War in reference

181 to the purchase of a certain amount of lumber by the Engineer Corps for use in France, recommending that the order for this lumber be given the Harmon Hughes Lumber Company, representing a group of mills located in the vicinity of Tuscaloosa, Alabama, although such action was not approved by the Lumber Committee.

It was voted that the recommendation as submitted be approved, Mr. Baruch, however, voting in the negative unless the recommendation was agreeable to the Lumber Committee, and stating that his reasons for so doing were based upon the statement to the effect that existing cooperative agencies should be continued, where possible, and that the action of the Board would tend to disorganize the Lumber Committee and its Emergency Bureaus.

The meeting adjourned at 4:45 p. m.

C. C. BOLTON, *Acting Secretary.*

182 **Special Meeting of the War Industries Board held Tuesday, October 16, 1917, at 9:45 A. M., in Room 945, Munsey Building**

(NOTE.—In Mr. Baruch's opinion this was not a meeting of the War Industries Board but only a conference of the Explosives Committee of the Board.)

Present: Mr. Scott, Chairman; Mr. Brookings; Admiral Fletcher; Colonel Pierce; Mr. Bingham, Secretary; and Mr. L. L. Summers.

Chemicals—Explosive Situation.—Colonel Pierce presented a summary prepared by the Statistical Department under date of October 15th covering the requirements for explosives during the period of from October 1917 to October 1918, of the Army, Navy, Engineer Corps, Industrial needs of the United States, British (contracts and prospective), French (contracts and prospectives), Italian (contracts and prospectives).

This report was given to Mr. Summers to correct, if necessary, and he was requested to report on the explosive situation to the War Industries Board, making definite recommendations as to how the Government should proceed to secure the maximum amount of explosives.

Mr. Summers said that progress is being made in arrang-

183 ing for the securing of toluol from gas used in various cities.

He brought out the extreme seriousness of the sulphuric acid situation showing that the requirements would be very much above the present production.

The Chairman stated that he had been verbally advised by the Ordnance Department that the Secretary of War has given his approval to the plan authorizing the Dupont Company to practically double their capacity for the manufacture of smokeless powder at an expense of approximately $90,000,000.

Mr. Summers expressed the view that since the Government was so vitally interested in this matter that such additional facilities should be the property of the Government and not of a private interest. It was the unanimous opinion of the Board that imme-

diate and drastic action should be instituted as the explosive situation was regarded as critical and of supreme importance.

The meeting adjourned at 11:00 a. m.

H. P. BINGHAM, *Secretary.*

184 Meeting of the War Industries Board held Wednesday, October 17, 1917, at 10:00 A. M., in Room 945, Munsey Building

Present: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Colonel Pierce; Mr. Bingham, Secretary.

Labor—Meeting with Union-Made Garment Manufacturers Association.—By action of the Board, Thursday morning at 9:30 o'clock, October 18th, was set aside for a meeting with the Union-Made Garment Manufacturers Association, the meeting solicited by that Association.

Steel—Tin Plate—Price Fixing.—By action of the Board, Friday morning at 9:30 o'clock, October 19th was set aside for the discussion of the price to be fixed for tin plate.

Coal—Coke Regulation.—The Chairman reported that he had held a conference with Fuel Administrator Garfield on the 16th instant on the subject of the action of this Board in recommending for the President's approval a price of $6.00 per ton on coke entering into the manufacture of steel.

Mr. Garfield stated that he understood the conditions under
185 which this recommendation had been made and that before he made a recommendation to the President to fix the price of coke as a fuel, he would seek a conference with this Board to ascertain the basis on which the Board's recommendation was made and fully inform himself upon the Board's relationship to the subject in order to avoid confusion and embarrassment.

Storage Committee—Resignations—Messrs. Bissell, Kendal, Day, and Titsworth.—Colonel Pierce informed the Board that because of a change in the character of the work of the Storage Committee and in the organizations within the War Department for handling the same problem, it now seems desirable to reduce the Storage Committee by accepting the resignations of Messrs. Bissell, Kendal, Day, and Titsworth, which resignations Colonel Pierce submitted to the Board.

It is the understanding that Chairman Cooke will remain in charge of this work in Washington and that Messrs. Bissell, Kendal, Day, and Titsworth will be available for consultation in their respective lines of experience whenever desirable. On motion duly seconded, the resignations were unanimously accepted and the Chairman requested to convey to each of the gentlemen an expression of the Board's gratitude for his service.

Exports Council—Addition of phosphorus, sterilizers, and die plates to list requiring license.—A communication from the Clearance Committee dated October 12th suggesting that phosphorus, sterilizers, and die plates be placed on the list of articles
186 requiring a license before export is made and recommended for such action by the Medical Section, was presented, and such action approved.

Lumber—Price Fixing.—At this point Mr. R. H. Downman, Chairman of the Lumber Committee was invited into the meeting.

The situation as to the lumber market and its relation to the prices fixed for cantonment lumber, was discussed. Mr. Downman presented a schedule of prices prepared by the Lumber Bureaus to be effective as of October 10th, and explained that on a basis of yellow pine, this schedule is about $2.00 per thousand feet lower than the present market prices.

Upon being asked to submit to the Board a schedule of prices which he would recommend be established, Mr. Downman withdrew from the meeting.

Chemicals—Sulphuric Acid.—Mr. Baruch presented a report submitted by Mr. L. L. Summers to him and approved by him covering the present sulphuric acid situation and dated October 15th.

This report was ordered referred to the committee appointed by the Board on high explosives consisting of Admiral Fletcher and Colonel Pierce for their further information.

Copper—Question raised by A. L. Salt, Western Electric Company.—Mr. Baruch presented a telegram received from A. L. Salt, Western Electric Company, asking whether other than
187 producers are restrained from selling copper in excess of 23½¢ per pound.

It was the decision of the Board that the instructions already given Mr. Baruch permitted him to handle such questions without further instruction from the Board.

The meeting adjourned at 1:00 P. M.

H. P. BINGHAM, *Secretary.*

188 Meeting of the War Industries Board held Thursday, October 18, 1917, at 9:30 A. M., in Room 945, Munsey Building

Present: Mr. Scott, Chairman, Mr. Baruch, Mr. Brookings, Mr. Frayne, Judge Lovett, Colonel Pierce, Mr. Bingham, Secretary.

Special Meeting—Union-Made Garment Manufacturers Association of America—Supply of denim.—The following representatives of the Union-Made Garment Manufacturers of America were invited into the meeting: Oscar Berman, Crown Overall Mfg. Co., Cincinnati, Ohio; Arthur T. Davenport, Director, Purchasing Dept., Sweet-Orr & Co., Inc., New York City; B. A. Larger, Gen'l Sec'y., United Garment Workers of America; John J. Manning, representative, United Garment Workers of America; James L. Lee, Firm W. M. Finch & Co., Detroit, Mich.; David S. Carter, Sec'y and Treas., Larned, Carter & Co., Detroit, Mich.; Robert Noren, Gen. Sec'y., Union-Made Garment Manufacturers Assn. of America; T. A. Rickert, General Pres., United Garment Workers of America; T. E. Goring, Vice President in Charge of Manufacturing, Sweet-Orr & Co., Inc., New York City; L. G. O'Bryan, O'Bryan Bros., Nashville, Tenn.; also Mr. Eisenman, of the Supplies Committee, and Colonel Horton, of the Quartermaster Corps.

Mr. Berman, speaking for the Association, stated that they
189 represented about one hundred manufacturers and approximately 50,000 workmen, and that their interest lay principally

in the manufacture of workers' clothes, consisting of overalls, jumpers, etc. He said that these manufacturers will of necessity soon be forced to shut down due to the fact that the Government had purchased about 60% of the denim which the country produced and that they were unable to secure a sufficient supply for the operation of their mills.

He said that they had received practically no Government orders, due to the fact that the Government specifications did not permit of the use of the machinery in their plants, and suggested that the specifications be changed so as to permit them to undertake Government orders. If this were accomplished, their plants could manufacture large quantities of such materials and at a very much lower price than now obtaining. He suggested that the Government desist from buying the raw cloth and purchase the completed garments only.

The desirability of the Government taking over the entire output of the raw denim to avoid the sky-rocketing of the price of the remaining 40% of the production was discussed. Mr. Frayne, Mr. Eisenman, and Colonel Horton were appointed a committee to continue the discussion with the Association and to advise the Board as to the proper course to pursue.

The members of the Association, together with Mr. Eisenman and Colonel Horton, then withdrew from the meeting.

Priority—material needed for destroyer program.—A
190 communication from the Secretary of the Navy dated October 13th, No. 27424–214, asking the assistance of the War Industries Board in the procurement of material necessary for the carrying out of the proposed destroyer program, was presented.

It was moved and carried that the procurement of the material for the new destroyer program as raised by the Secretary of the Navy's letter, dated October 13th, be referred to the Division of Raw Materials, Finished Products and Priority, with power to act and to give to material for destroyers priority in accordance with their importance, and that such facilities be afforded to contractors as will contribute to the greatest possible extent to enable these destroyers to be completed on the schedule time called for by the Secretary of the Navy.

The following letter, prepared by the Chairman and addressed to the Secretary of the Navy, was presented and ordered sent:

OCTOBER 16, 1917.

MY DEAR MR. SECRETARY:

The receipt is acknowledged of your letter No. C. R. 27424–214 to the War Industries Board, calling attention to the important part that destroyers play in combatting the submarine menace and the extensive building program you have planned for the construction of this type of vessel.

I can assure you this subject will be given the most active consideration by the Board and its committees dealing with materials entering into the construction of destroyers. A resolution of the Board directs that this
191 matter be referred to the Divisions of Raw Materials, Finished Products and Priority, with power to act and to give such precedence and to afford such facilities to contractors as will contribute to the greatest possible extent to enable these destroyers to be completed on the schedule time called for by the Secretary of the Navy.

I may add that already a conference has been held, under the direction of Mr. Vauclain, with representatives of the steel-forgings plants, the shipbuilding companies referred to in your letter, and representatives of the Army, the Navy, and Bureaus of Construction and Repair, Steam Engineering, and Ordnance. An endeavor is being made to arrange a comprehensive program to supply all steel forgings for these destroyers having a minimum interference with other forging requirements of the Government. Similar cooperation will be extended to assist in meeting other requirements for materials entering into these destroyers.

It affords me pleasure to assure you of the full cooperation of the Board in all matters relating to your Department and in particular to your wishes in regard to the early completion of the destroyers designed to fight the submarine menace.

Respectfully,

(Signed) F. A. SCOTT,
Chairman War Industries Board.

TO HON. JOSEPHUS DANIELS,
Secretary of the Navy, Washington, D. C.

It was likewise ordered that a copy of the Secretary of the Navy's letter and the Chairman's reply, together with the action of the Board, be presented to the Clearance Committee for their information.

Cantonment contractors—Recommendation Bedford Stone and Construction Company to undertake contract for Repair Depot at Indianapolis, Ind.—A communication from the Committee on Emergency Construction, dated October 16th, recommending that the Bedford Stone and Construction Company of Indianapolis be awarded contract to undertake the building of an Engine
192 and Plane Repair Depot at Indianapolis, Ind., for the Construction Division of the Signal Corps, was presented and, upon the recommendation of Col. Pierce, was approved.

Cantonment Construction—Recommendation Maryland Dredging and Contracting Company for building Proving Grounds at Berryman, Md.—A communication from the Emergency Construction Committee dated October 15th, calling attention to the fact that the Ordnance Department had negotiated independently from the Committee on Emergency Construction with the Maryland Dredging and Contracting Company of Baltimore to undertake the building of a Proving Ground at Berryman, Md., and asking whether under the circumstances they should recommend that contractor in preference to any other for such work, was presented.

After due consideration the Board approved the making of such recommendation to the Ordnance Department.

Niagara Power—Proposed conference with Canadian Commissioner of Railways representing Canada in this matter.—Col. Pierce presented a communication from the British War Mission dated October 12th suggesting that the War Industries Board appoint a representative to confer with Sir Henry Drayton, Commissioner of Railways, who has the Niagara Power situation in hand for the Canadian Government.

The Chairman was requested to appoint such a representative and appointed Mr. R. J. Bulkley of the Legal Committee to undertake this mission.

Steel—Price Fixing.—A report from Mr. Replogle dated
193 October 17th in connection with his conference with Judge E. H. Gary, Chairman, American Iron and Steel Institute, relative to prices to be fixed for Bessemer and Open Hearth sheets, pipe, cold-rolled steel, scrap, and wire, and giving prices satisfactory to the steel interests, was presented and discussed.

The discussion of this subject developed a difference of opinion, first as to whether it is desirable for the Government to endeavor to regulate as many of the detailed prices of iron and steel as will be covered by the schedule under discussion, and second, whether the price of nails can in any event be approved at a figure higher than any figure in existence before the present price conference.

It was the unanimous opinion of the Board that it is desirable to discuss the question of policy with the President before proceeding further with the present negotiations.

The meeting adjourned at 1:00 P. M.

H. P. BINGHAM, *Secretary.*

194 **Meeting of the War Industries Board held Friday, October 19, 1917, at 9:30 A. M., in Room 945, Munsey Building**

Present: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Judge Lovett; Colonel Pierce; Mr. Bingham, Secretary.

Steel—Fixing price tin plate.—At this point Mr. Replogle and Mr. Bentley of the Food Administration entered the meeting.

Mr. Bentley stated that he thought it inadvisable to fix the price of tin plate until January 1st, 1918, due to, first, the need for the fixing of the price of pig tin so that the manufacturers will know on what basis to figure their cost, and, secondly, because the entire production of tin plate is already sold up to that date. He said that the Food Administration would likewise be able to secure the requirements for tin plate for the tobacco manufacturers and the manufacture of toilet articles, and also would have completed their data concerning the price of pig tin by that date.

195 At this point the following, who represented the sheet and tin-plate manufacturers were invited into the meeting: E. H. Gary, Chairman Board of Directors, U. S. Steel Corporation; J. I. Andrews, General Manager of Sales, American Sheet & Tin Plate Co.; John Hughes, Asst. to President U. S. Steel Corporation; E. T. Weir, President Phillips Sheet & Tin Plate Company; E. R. Crawford, President McKeesport Tin Plate Company; Phillip Schaefer, Manager of Sales, Tin Plate Dept., Jones & Loughlin Steel Co.; J. B. Bonner, Representative American Iron & Steel Institute; W. J. Filbert, Comptroller U. S. Steel Corporation.

Mr. Crawford, of the McKeesport Tin Plate Company, acting as speaker, stated that the manufacturers present represented about 70% to 80% of the producers of the country and that they spoke for the entire industry. He said that, based on $51 sheet bars, cost of tin is approximately 15% of the cost of tin plate, this figuring 61¢ per pound for pig iron. He said that 50% of the industry buy their sheet bars and that labor at such values amounts to approximately 25% of the cost of the tin plate. He explained that a sliding-scale basis of fixing wages was in force in the industry.

He stated that pig tin must be purchased about six months in advance of intended consumption, due to the delays in transportation and the conditions of the market. Pre-war-time prices for pig tin, he stated, were about 35¢ per pound, and this had advanced to 65¢ per pound. He proposed that a price of $8.20 per box be fixed for tin plate for a period of the next nine months, and that if a

196 six months' period were fixed $8.00 per box would be proper.

The market price at the present time is between $15.00 to $18.00 per box. The offer made was based on sheet bars at $51.00 per ton and pig tin at 61¢ per pound.

Upon being asked to prepare a statement showing the elements of cost upon which this offer is based with a comparison of pre-war-time figures covering the same elements, together with percentage of pre-war-time profit as compared to intended profit, Mr. Crawford and the other representatives of the industry withdrew from the meeting.

Organization—Reading of Minutes.—The minutes of the meeting held Thursday, October 18th, at 9:30 o'clock A. M., were read and approved.

Steel—Steel plant to be built in Japan.—A communication from the State Department advising the Board of the intended construction of a steel plant in Japan, was read for the information of the Board.

Organization—Copy of minutes to Director.—A communication from the Director asking that a copy of the minutes of this Board be given him to retain as a record of the Board, was presented. It was the decision of the Board that when the minutes had been approved a copy of them should be sent to the Director, and the Chairman was requested to discuss further with the Director the use to which they were to be put.

Intelligence—Purchase of ammunition in Switzerland.—A communication from the State Department dated October 17th

197 relative to the desirability of purchasing ammunition in Switzerland to prevent such ammunition flowing into Germany, was presented and referred to Col. Pierce for action.

Organization—Resignation Mr. R. H. Williams from Committee on Purchase of Public Animals.—A communication dated October 17th from Mr. R. H. Williams offering his resignation as the Committee on Purchase of Public Animals and Remount Service was presented and accepted.

Organization—Mr. Davie suggested as Committee on Purchase of Public Animals.—A communication from Mr. R. H. Williams dated October 17th suggesting that Mr. Preston Davie succeed him as the Committee on Purchase of Public Animals and Remount Service, was presented and ordered referred to Col. Pierce for investigation and report.

Labor—Meeting with labor representatives to discuss placing of contracts.—The Chairman presented a communication dated October 12th from Mr. Samuel Gompers suggesting that a meeting be held with certain representatives of labor organizations to discuss the placing of contracts.

It was the decision of the Board that a meeting should be arranged for the afternoon of either Wednesday, October 24th or Thursday, October 25th, and the Secretary was instructed so to do.

Organization—Status of advisory committees.—A communi-

198 nication from W. S. Gifford, Director, dated October 17th concerning the dropping off of all Advisory Committees and the changing of them into committees of industry not to be a part

of the organization of the Council of National Defense whenever possible, was presented and referred to Judge Lovett to draft a resolution covering this subject for submission to the Board.

Legislation—Suggested by Chamber of Commerce of the United States.—A communication from the Chamber of Commerce of the United States dated October 16th quoting a resolution adopted by the Chamber at Atlantic City in main requesting the passage of a law establishing a Central Purchasing Agent for all Governmental departments, was presented and referred to Judge Lovett for investigation and advice.

Finance—Loan to build Toledo to Detroit Road.—A communication from the Chief Signal Officer, Equipment Division, dated October 12th suggesting that financial assistance be furnished by the Government to assist in the completion of a road between Toledo and Detroit for the transportation of automobiles, was presented. It was the opinion of the Board that it could not be helpful in this instance.

Copper—Questions raised as to policy regarding price recently fixed.—Mr. Baruch presented a communication from Mr. Eugene Meyer, Jr., dated October 19th raising the following questions as to the policy of the Board in regard to the price fixed for copper:

199 1. Does the announcement of the War Industries Board mean that copper may be traded in for delivery after January 31st at prices to be arranged parties to contract, regardless of Government fixation of prices? The Board's ruling is that all such sales are subject to the prices fixed by the Government.

2. The announcement of September 21st referred to an agreement between the producers and the representatives of the Government and concerning Government price, Allied price and public price. Shall scrap dealers be allowed to trade at higher prices than those fixed? The Board's decision was that a Government order should be placed for all pig copper under Section 120 of the National Defense Act, unless the dealers come into line.

3. Should not a price be fixed on scrap copper and scrap brass in various forms and specifications? The Board's decision was that scrap should not be covered in the agreement but only the copper produced from the scrap.

4. Do bona fide contracts in existence on September 21st stand? The Board's decision was that such contracts were not to be abrogated but that the material covered by these contracts should be set back in delivery behind Government and Allied needs.

5. In the event that it is desired to extend price fixing to the scrap trade and to outside dealers, is it understood that proceedings should be taken to seize plants or material? It was the decision of the Board that the whole output should preferably be taken by the Government if necessary, under Section 120 of the National Defense Act.

6. Should not a public announcement concerning the policy to be pursued in connection with metal not actually comprehended in the strict interpretation of the announcement of September 21st be made? It was the decision of the Board that such announcement should not be made.

Projectiles—155 m/m.—Mr. Brookings presented a communication from the Ordnance Department, dated October 11th, No. G. P. 923 giving a list of manufacturers from whom they desired to purchase 155 m/m shells, and inquiring whether the Board could see any objection to their negotiating with such firms. It was moved and carried that the Ordnance Department be informed that the Board can see no reason why all necessary orders should not be placed with the firms listed, except that in the case of the
200 Standard Steel Works of Burnham, Pennsylvania, to which the Department has apparently allotted 500,000 shells, the

Board is informed that this Company has no installation at the present time for shell manufacture, and that it is understood that the Board is not now passing on prices, but that the Ordnance Department is preparing data upon which the Board can base a recommendation as to price for not only the needs of the Ordnance Department, but likewise the requirement of the British Government.

Gun Forgings—9.5 Howitzers.—Mr. Brookings presented a communication from the Ordnance Department, dated October 15th, No. 473.26/22 stating that they were about to replace their order for 50 complete 9.5 Howitzers given the Midvale Steel Company with 70 Howitzers with cylinders with recuperators only, and asking whether it was the opinion of the Board that the price as quoted should be accepted.

It was the opinion of the Board that inasmuch as the Board has no further information than is contained in the Ordnance Department letter, and inasmuch as it is understood from their letter that the prices quoted the Ordnance Department are considered reasonable by the Department, the Board can see no reason why such order should not be placed on the basis suggested.

Organization—Duties of members.—It was moved and carried that the chart of organization be amended to include the Legal Department as coming under the jurisdiction of Judge R. S. Lovett.

201 *Special Meeting—Union-Made Garment Manufacturers Association.*—Mr. Frayne presented the following report of the conference held with the Union-Made Garment Manufacturers Association pursuant to the request of the Board on Thursday afternoon, October 18th:

OCTOBER 18, 1917.

Pursuant to instructions of the War Industries Board, I beg to advise that a conference was held in my office, Thursday afternoon, October 18, with a committee of the Union-Made Garment Manufacturers Association of America; Colonel Horton, of the Quartermaster's Department; and Messrs. Rosenwald and Eisenman, of the Supply Committee, at which time the subject matter about which they appeared before the War Industries Board was further discussed.

Colonel Horton reported that instructions had been sent to the Philadelphia Depot instructing them to adopt the suggested changes in making overalls and blouses, and that the style of the blouses for the Artillery Branch of the Service would remain as at present on account of the small number necessary to fill the requirements.

It was agreed that the Committee representing the Union-Made Garment Manufacturers Association would submit at once to the Quartermaster General, through Colonel Horton, specifications as required by regulations, and that in future, matters to be discussed in connection with this subject would be taken up by a subcommittee representing them with Colonel Horton, Mr. Eisenman or both.

HUGH FRAYNE.

Commandeering—Navy reported commandeering of toluol.—A communication from Capt. C. C. Bolton, Assistant to the chairman, dated October 18th, attaching various correspondence relative
202 to the reported commandeering of toluol by the Navy from the Corrigan-McKinney Co. of Cleveland, was presented and ordered referred to Admiral Fletcher for investigation and report.

The meeting adjourned at 1:15 P. M.

H. P. BINGHAM, *Secretary.*

203 **Meeting of the War Industries Board held Wednesday, October 24, 1917, at 10: 00 A. M., in Room 945, Munsey Building**

Present: Mr. Scott, Chairman; Mr. Baruch; Mr. Brookings; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary.

Organization—Minutes.—The minutes of the meeting held at 10. 00 o'clock a. m. on Friday, October 19th, were read and approved.

Steel—Price fixing tin plate.—The question as to the need and advisability of the Board's fixing the price of tin plate was discussed and the Secretary was instructed to ascertain from the Food Administration what, if anything, they were intending to do in this matter and whether they wished the War Industries Board to assist them by fixing the price and, if so, when they wished this done.

The data on the subject of price for this material was referred to Mr Frayne for consideration and advice to the Board.

Allies Cooperation—British representatives on Inter-Allied Council in Europe: A communication from the British War Mission dated October 23rd, giving the names of the British representatives
204 on the Inter-Allied Council in Europe, was presented for the information of the Board.

Chemicals—Alcohol—Price fixing.—A communication from Mr. L. L. Summers of the Raw Materials Division in connection with communication from Mr. Herbert Hoover, Food Administrator, as regarding the regulation of the price of alcohol, was presented. Mr. Summers suggested that inasmuch as Sections 15 and 16 of the Food Control Act have been placed under the administration of the Treasury Department, that the War Industries Board forward to the Commissioner of Internal Revenue the proposed action by the War Industries Board covered by communication dated October 4th from Mr. L. L. Summers to the Board and approved by the Board, and that it should be ascertained whether the arrangement will be satisfactory to the Treasury Department or whether that Department has suggestions or amendments to offer.

It was duly moved and carried that action be taken in accordance with the suggestion of Mr. Summers.

Labor—Exemption from draft.—The Chairman presented a message received from Major Warren of the Provost Marshal's Office asking that matters connected with the exemption of workers necessary for the industrial welfare of the country be referred to the Provost Marshal, who is handling such matters.

It was moved and carried that it will be the policy of the Board to submit all complaints and requests for assistance covering such matters to the Provost Marshal through Mr. Frayne, and without any recommendation from the Board.

Steel—Necessity for Coal.—A communication from Mr.
205 Replogle, dated October 23rd, bringing to the attention of the Board the fact that due to lack of coal various steel plants necessary for the production of steel for war purposes were on the point of shutting down or in some cases had already been forced to curtail production.

It was the opinion of the Board that some definite action should at once be taken to remedy this condition, and the matter was referred to Judge Lovett and Mr. Baruch with power to act for the Board.

Machine guns—negotiations with Marlin-Rockwell Corporation to cover aircraft machine guns.—A communication from the Marlin-Rockwell Corporation, dated October 22nd, asking for the fixing of an hour for a meeting with the War Industries Board as suggested by the Ordnance Department through Major Bascom Little, was presented.

It was the decision of the Board that Friday morning at 10 A. M., October 26th, be fixed for such a meeting.

Organization—Publication of bulletin by War Industries Board.—A communication from the Clearance Committee recommending that the War Industries Board issue for the benefit of the various departments, Boards, Sections, and Committees a monthly bulletin giving the latest data regarding prices, shortage lists, and other information of like character which may have been issued by the Board or its Divisions was presented.

It was moved and carried that the Secretary be authorized to arrange for such publication.

206 *Gun carriages—6 Horse reel and carts.*—A communication from the Carriage Division, Ordnance Department, dated October 18th, No. C. F. (47) 473.863 relative to the placing of an order for 1,100 6 Horse reels and carts with the J. G. Brill Company of Philadelphia, and asking for confirmation of proposed arrangement with that company was presented by Mr. Brookings.

Mr. Brookings stated that Mr. Crawford, of his Division, had checked the figures connected with this arrangement with the Department and that he recommended that the Board concur in the arrangement as suggested.

Upon such recommendation, the Board approved the arrangement.

Artillery forgings—5" Gun Mounts.—Mr. Brookings presented a communication from the Bureau of Ordnance, Navy Department, dated October 9th, No. 32766, asking for confirmation of proposed arrangement with the Linderman Steel and Machine Company of Muskegon, Michigan, for 250—5" gun mounts. Mr. Brookings recommended that inasmuch as the Bureau of Ordnance considers that the quotation received is high, that the contract be awarded for 250 mounts to the Linderman Company with the understanding that they shall be paid a flat profit of $2,500 for each gun mount in addition to the cost thereof, providing that the total cost to the Government will not be in excess of $17.700 each. This recommendation was confirmed by the Board.

207 *Gun Carriages—tractors to be purchased from the Holt Manufacturing Company.*—Mr. Brookings presented a communication from the Carriage Division, Ordnance Department, dated October 19th, No. 451.221/59, asking for approval of a proposed arrangement with the Holt Manufacturing Company for the purchase of 260–75 HP "caterpillar" tractors.

Upon the recommendation of Mr. Brookings the Board approved of the arrangement as outlined.

Trucks—Placing of contracts for axles.—Mr. Brookings presented a communication from the Quartermaster's Department dated October 17th, No. 451.2–T, listing certain concerns with whom contracts

for axles and motors for standard army trucks had been placed, and setting forth the arrangements made.

This communication was read for the information of the Board and ordered received. The Secretary was instructed to communicate to the Quartermaster's Department the fact that the Board understands that contracts have already been let as stated and that no action of the Board is desired.

Coal—Fuel for Ordnance Base in France.—A communication from Mr. Guffey of the Raw Materials Division, dated October 19th, in reply to a request from the Ordnance Department asking for information as to whether fuel oil or coal should be used at the Ordnance base in France, was presented and was referred to Mr. Baruch
208 for his information and with the request that this be in turn given to Col. Pierce for further investigation.

Projectiles—6" for British Government.—Col. Pierce presented a communication from the British War Mission dated October 22nd submitting a list of manufacturers of 6" shell forgings from whom they desired to purchase 2,600,000 such shells. Since it was understood that 1,000,000 forgings originally taken by the Westinghouse Electric & Manufacturing Company for the British Government have been placed by them with the Pollak Steel Company, who will provide themselves with steel from the Lackawanna Steel Company, the Board recommended the 1,600,000 additional shells be ordered directly from the furnisher at a fixed price, the parties receiving the order supplying their own steel and forgings or purchasing same from some outside party, in which case priority will be given for the execution of these orders so there shall be no delay in getting out in the shortest possible space of time the shells for the British War Mission.

Col. Pierce was requested to convey this decision to the British War Mission.

Investigation—Trial of Major Starrett.—The Chairman presented a communication from the Secretary of War dated October 23rd enclosing a report of a hearing held at the office of the Secretary of War Thursday, October 4, 1917, at 4 o'clock P. M. to consider the GENERAL charges made by the Honorable Kenneth McKellar, United States Senator from Tennessee, against Major Starrett, in con-
209 nection with a contract for work incident to the construction at the aviation field near Memphis, Tennessee. In effect the findings of this hearing were that Major Starrett had acted in this matter under investigation for the best interest of the Government.

It was ordered that this report be retained in the files of the War Industries Board.

Lead—Price fixing.—A communication from Mr. Baruch dated October 24th, enclosing a report from Mr. Yeatman calling attention to the fact that due to the lack of sufficient cost data presently at hand to intelligently fix the price for lead, it seemed inadvisable to attempt it at this time, and as the supply appeared to be greater than the demand, the fixing of a price was unnecessary.

This recommendation had the endorsement of Mr. Baruch, which decision was concurred in by the Board.

Shortage—Suggestion that private telephone and telegraph lines be added.—A communication from the Clearance Committee dated October 19th, attaching a letter of October 15th from Admiral Rossseau and suggesting the need for the addition of private telephone and telegraph lines to the list of articles requiring clearance in order to overcome the growing shortage of such facilities in the country, was presented and ordered referred to Mr. Gifford with the request that he make recommendation as to what if any action this Board should take in this matter.

Lumber—Status of Lumber Bureaus.—Several communications lastly dated October 24th from Mr. R. H. Downman and others in connection with the status of the Lumber Bureaus, particularly
210 with reference to their being authorized by the War Industries Board, were presented and after discussion were referred to Judge Lovett with the request that he further consider this matter and advise the Board.

The meeting adjourned at 1:15 P. M.

H. P. BINGHAM, *Secretary.*

211 Meeting of the War Industries Board held Thursday, October 25, 1917, at 2:30 P. M., in Room 703, C. N. D. Building

Present: Judge Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Colonel Pierce; Mr. Bingham, Secretary; and the following representatives of labor organizations: Samuel Gompers, President, American Federation of Labor; Frank Morrison, American Federation of Labor; John R. Alpine, General Pres. United Assn. of Plumber & Steam Fitters; Martin Lawler, United Hatters of North America; Chas. L. Baine, Secy. & Treas., Boot & Shoes Workers Union; Collis Lovely, Boot and Shoe Workers Union; H. B. Perham, President, Order of Railroad Telegraphers; John B. Lennon, Treas., American F. of L. (Journeyman's Tailors Union of Amer.); Frank Duffy, Secy., United Brotherhood of Carpenters & Joiners of America; John Donlin, Building Trades Department, A. F. of L.; B. A. Larger, United Garment Workers of America; Abe Bergson, General Organizer United Garment Workers; A. McAndrews, Tobacco Workers International Union; W. J. Bryan, Gen'l Pres., International United Brotherhood of Leather Workers on Horse Goods; J. J. Manning, United Garment Workers of America; James O'Connell, President, Metal Trades Department, A. F. of L.

Labor—Representation on Boards and Committees of Council of National Defense.—The minutes of a conference held on September 27th, 1917, in Washington, attended by the following repre-
212 sentatives of International Unions whose membership are employed in commodities used by the Government for war purposes, were read for the information of those present:

J. W. Scully, Martin Lawler, United Hatters of North America; Sara A. Conboy, United Textile Workers of America; Collis Lovely, Boot and Shoe Workers Union; Frank Morrison, James Roach, P. J. Duffy, John Donlin, American Federation of Labor, Building Trades Department, A. F. of L.; Wm. McCabe, Cigarmakers' International Union of America; A. McAndrews, Tobacco Workers' International Union; B. A. Larger, B. Schweitzer, A. Gordon, J. J. Manning, United Garment Workers of America; W. E. Bryan, United Brotherhood of Leather Workers.

Mr. Gompers stated that about 40% of the trades whose representatives attended the meeting as above had received 80% to 90% of the Government contracts for war materials and that these 40% represented largely those factories who do not treat their workers fairly and whose standards are not as high as should be. The impression is going out that the Government in placing such contracts is discriminating against union shops and that union shops
213 are reported not to be receiving their proportion of these contracts. He said that this impression is leading to a growing unrest in the country.

He said that he and those present with him desired that their representatives should become members of the Committees and Boards of the Council of National Defense who advise the Government regarding the placing of contracts, both for the purpose of the help they could be to these Committees and Boards, and likewise because their presence would tend to dissipate the pernicious and growing feeling as above mentioned.

He cited instances where union men had been discharged simply for the reason that they were members of unions and particularly cited such cases in the flour milling and cereal business.

Mr. Gompers further said that he is not agreeable to the policy that unions must not strike because of the present emergency as in his opinion such a policy is not in keeping with true democracy.

Mr. J. J. Manning of the United Garment Workers of America said that in his opinion contracts should not be let to companies whose labor standards are not at least as high as those standards maintained in union shops.

Mr. Collis Lovely of the Boot and Shoe Workers Iron Union stated that contracts had been let for shoes to the lowest bidders and that all other bidders were forced to meet an average price, thus
214 tending to lower the standards maintained, the prices being lower than would allow the maintenance of the higher standards. He said likewise that these lower prices lead to inferior workmanship.

Mr. Lovely said that in his opinion because of the fact that a large part of the shoe contracts were being filled by manufacturing plants located in country districts where standards and workmanship were inferior, that it might be necessary to call strikes in order to keep up the membership of his organization. These strikes he intimated would be called to secure the eight-hour day and the time-and-a-half-for-overtime clause in shoe contracts. At present this clause does not appear in such contract. He likewise complained specifically of the appointment of incompetent inspectors.

It was his opinion that orders should not be placed with the lowest responsible bidder as has been the Government policy, basing this statement on the argument that all labor should be on the same wage basis which would base the bidding on manufacturing costs only and would not therefore put a premium on companies lowering their standards of labor to meet competition. He further said that if they had representatives on the various Committees and Boards of the Council of National Defense, it would be unnecessary probably to call the strikes before mentioned.

At this point Judge Lovett left the meeting and Admiral Fletcher took the Chair.

215 Mr. Martin Lawler of the United Hatters of North America complained that a large number of hat contracts had been placed with companies whose workers are not citizens of the United States and that because of this fact many hat workers who are citizens of the United States are now walking the streets. He said that the eight-hour law and the time and a half for overtime has not been applied to hat contracts.

Mr. John Donlin of the Building Trades Department, A. F. of L. said that 75% of the emergency building work just done had not been satisfactory due to the emergency nature of the work and the fact that unskilled men had been called upon to do the work. He called attention to his membership on the Committee on Emergency Construction of the War Industries Board and said that since his presence on that Committee, all building work had been given to union employers and none to nonunion employers. He said that he was perfectly satisfied with the present situation as brought about by his representation on the Committee on Emergency Construction, and that he is thus protecting union men.

Mr. A. McAndrews of the Tobacco Workers International Union said that practically all tobacco for the soldiers is made by what he termed "The Tobacco Trust" who pay low wages and whose standards of labor are very low. He said that he desired representation on the Committee of the Council of National Defense having to do with the placing of contracts for tobacco for soldiers. He was
216 informed by the Board that the War Industries Board had nothing to do with the placing of contracts for tobacco.

Mr. Gompers said that they desired not to simply have access to the Committees and boards to advise informally, but that they desired direct membership on the Boards and Committees.

Admiral Fletcher stated that the Board would take the matters presented under consideration and adjourned the meeting at 4:00 o'clock P. M.

H. P. Bingham, *Secretary.*

217 **Meeting of the War Industries Board held Friday, October 25, 1917, at 10:00 A. M., in Room 703, C. N. D. Building**

Present: Judge Lovett, Acting Chairman; Mr. Baruch, Mr. Brookings, Admiral Fletcher, Mr. Frayne, Mr. Bingham, Secretary.

Organization—Reading of minutes.—The minutes of meeting held at 10:00 A. M. on Wednesday, October 24th, and meeting held Thursday, October 25th, at 2:30 P. M., were read and approved.

Steel—Coal for Steel Plants.—Judge Lovett reported that in pursuance with the request of the Board that he and Mr. Baruch call upon Mr. Garfield, Fuel Administrator, and bring to his attention the necessity for furnishing coal to various steel plants as brought to the attention of the Board by Mr. Replogle, he and Mr. Baruch had called upon Mr. Garfield and that the Fuel Administrator stated that he had taken care of all but one of the cases cited and that no further difficulty at these plants was expected.

Labor—Placing of labor men on subcommittees.—Mr. Frayne, Col. Pierce, and Admiral Fletcher were appointed a committee to dis-

cuss further with the labor men present at meeting held Thursday,
October 25th, the question relative to the placing of labor men
218 on the various subcommittees having to do with the placing of Government contracts.

Lumber.—Mr. Baruch presented a communication from Mr. Downman, Chairman of the Lumber Committee, relative to the placing by the Panama Canal Purchasing Department, orders for certain lumber and suggesting that such orders should be placed through the offices of the Lumber Committee at prices given in a schedule attached, instead of purchasing this lumber without the offices of that Committee.

Upon Mr. Baruch's recommendation, the Board approved the suggestion made.

Machine Guns—Marlin Machine Guns.—At this point Col. Blunt, Major Little and Mr. Park, Vice President, the Marlin Rockwell Corporation, were invited into the meeting to discuss the prices to be paid by the Government for 23,000 Marlin aircraft machine guns, the Board having been requested by the Ordnance Department to negotiate this purchase.

A report on this subject dated October 22nd, prepared by the Machine Gun Committee, recommending a price to be paid for these guns and the reasons upon which they based their recommendation was read. Decision in this matter was deferred until the meeting to be held this afternoon at 3:00 P. M.

Labor.—Mr. Baruch was requested to send the following telegram to the Secretary of Labor:

219 OCTOBER 27, 1917.

Honorable W. B. WILSON,
Secretary of Labor, Washington, D. C.

The War Industries Board has been assured by the copper interests in Butte that operations in Butte have increased from a very small percentage of capacity in September to nearly ninety percent of capacity in October, and it is respectfully suggested that in view of this fact it might be unnecessary and possibly inadvisable for the Committee which you head to visit that district at this time because of the fear of interrupting the gratifying results being obtained.

WAR INDUSTRIES BOARD.

Official Business.
Government rate,
Charge to Council of National Defense

Steel—price fixing—Special meeting.—It was moved and carried that the fixing of the price of tin plate and the prices of certain steel items be made a special order of business at next Wednesday's meeting.

Organization—Operation of Steel Division.—Mr. Baruch presented the following motion covering the organization to be developed in his Division to handle the carrying on of the details of the steel arrangement:

Under and subject to the Raw Materials Division of the War Indus-
220 tries Board, J. L. Replogle shall look after the Steel Supply and shall have charge of the distribution and be responsible for the prompt and proper execution of all orders for iron and steel, other than Ordnance, for the United States and Allied Governments.

He shall receive weekly reports from the iron and steel producers showing the tonnage of iron and steel of the various classifications on order for the United States and Allied Governments as well as domestic and foreign orders for general purposes. He will also keep informed as to mill capacities and mill production and, in cases of retarded output, secure reasons therefor and in conjunction with the manufacturers and War Industries Board make every proper effort to remove obstacles which prevent maximum output of war necessities.

Memorandum requisitions from the various Departments of the United States Government should be sent in triplicate to Mr. Replogle who shall, after proper consideration of all mill conditions as to getting the maximum production and with particular reference to priority status of the order books of the various manufacturers, determine as to the allocation of the orders and all necessary details and retain one copy in the office of the War Industries Board, send one copy to the Washington office of the American Iron & Steel Institute and return one copy with information as to where the order should be placed and necessary details to the Department from which the order emanated. The Department concerned will then place order direct with the manufacturer in accordance with their particular order system.

Requisitions from the Allied Governments, after approval by the Allied Purchasing Commission, will be sent to the Director of Steel Supply for proper distribution.

Mr. Replogle shall, at all times, work in close harmony with the various Departments of the Government, who shall give him as much preliminary information as possible in order that material can be placed to the best advantage of all concerned and with due consideration with respect to giving the mills the best operating conditions to permit maximum output at minimum cost so far as the Government necessities will permit.

Mr. Replogle will have all necessary steel statistical records to which the authorized representatives of the various Government Departments will have access.

This motion was unanimously adopted.

221 *Commandeering—Chemicals.*—Mr. Baruch presented a communication from Mr. Summers dated October 24th, together with a communication dated October 15th from the Gun Division of the Ordnance Department, No. G. P. 471.862/90 having to do with the commandeering of certain acids.

It was moved and carried that Mr. Summers be advised that the Departments should place commandeering orders and advise the Priority Division of the Board of all such commandeering orders and that the postponement of contracts necessitated by such commandeering should be settled by the producer with his consumer and not by the Government.

Copper—Price for L. C. L. shipments.—Mr. Baruch presented a communication from Mr. Eugene Meyer, Jr., dated October 23d, suggesting that L. C. L. shipments of copper be allowed a differential of from 5% to 10% because of extra handling, etc., over the 23½¢ price as fixed.

It was moved and carried that the Board wished to follow the usual trade practices in this instance which allowed such a differential.

The meeting adjourned at 1:00 P. M.

H. P. BINGHAM, *Secretary.*

222 **Meeting of the War Industries Board, held Friday, October 25, 1917, at 3:00 P. M., in Room 703, C. N. D. Building**

Present: Mr. Brookings, Acting Chairman; Mr. Baruch; Admiral Fletcher; Mr. Frayne; Mr. Bingham, Secretary.

Machine guns—Price fixing for Marlin aircraft Machine Guns.—The arrangement proposed by the Machine Gun Committee under date of October 22nd for the purchase of 23,000 Marlin aircraft

machine guns from the Marlin-Rockwell Corporation, was again presented and it was moved and carried that the Marlin Company be offered $278.80 per gun, and that no Governmental assistance be furnished that company as relating to the expense to which they have been put in connection with the 3,000 Russian Machine guns they now have on hand.

The meeting adjourned at 5:00 P. M.

H. P. BINGHAM, *Secretary.*

223 Meeting of the War Industries Board, held Wednesday, October 31, 1917, at 10:00 A. M., in Room 703, C. N. D. Building

Present: Judge Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Colonel Pierce; Mr. Bingham, Secretary.

Organization—Reading of Minutes.—The reading of the minutes of the meetings held Friday, October 26th, at 10 o'clock A. M. and at 3:00 o'clock P. M., was deferred until a future meeting of the Board.

Cantonment contractors—Recommendations for contractors to undertake emergency building operations at various forts.—The following recommendations for contractors to undertake emergency building operations at Forts as listed from the Emergency Construction Committee were presented and upon the recommendation of Col. Pierce, were approved by the Board:

1 Construction work at Fort Winfield Scott, San Francisco, Cal., and at Forts Stevens, Columbia, and Canby, Astoria, Wash.—Dinwiddie Construction Company, Portland, Oreg.

2 Construction work at Forts Schuyler, Totten, Hamilton, Tilden, Wadsworth, and Hancock, New York—Turner Construction Co., New York, N. Y.

3 Construction work at Fort DuPont, Wilmington, Del.—Horace H. Jackson & Company, Chester, Pa.

224 4. Construction work at Forts N. G. Wright and Terry, New London, Conn.—The Sperry Engineering Company, New Haven, Conn.

5 Construction work at Forts Worden, Casey, and Flagler, Seattle, Wash.—Sound Construction & Engineering Co. Inc., Seattle, Wash.

6 Construction work at Fort Rosecrans, San Diego, Cal., and at Fort MacArthur, Los Angeles, Cal.—William E. Hampton Company, Los Angeles, Cal.

7 Construction work at Fort Taylor, Key West, Fla., and at Fort Dade, Tampa, Florida—W. P. Richardson & Co., Jacksonville, Fla.

8 Construction work at Fort Monroe, Hampton, Va., and at Fort Caswell, Wilmington, N. C.—Hampton Roads Engineering and Construction Company, Hampton, Va.

9 Construction work at Fort Howard, Baltimore, Md.—Consolidated Engineering Co., Baltimore, Md.

A communication dated October 26th from Major Starrett defining his relationship to the President of the Dinwiddie Construction Company, was presented and it was the decision of the Board that his relationship with Mr. Dinwiddie does not effect the recommendation of that concern by the Emergency Construction Committee for such government building operations.

Chemicals—Increase of plants of the Dupont Powder Company as brought to the attention of the Board by Major Gen. William Crozier.—A communication from the Chief of Ordnance dated October 29th No. GE 471.5/350 informing the Board of arrangement

made between the Ordnance Department and the E. I. Dupont de Nemours & Company for the construction and operation of powder plants having a rated capacity of one million pounds of finished smokeless powder per day and involving an expenditure of
225 approximately $90,000,000, was read for the information of the Board.

It was ordered that the following letter be sent in acknowledgment to the Chief of Ordnance:

OCTOBER 31, 1917.

THE CHIEF OF ORDNANCE,
War Department, Washington, D. C.

SIR: 1. Replying to your communication of October 29th, No. GE 471.5/350, we beg to say that the only previous definite information the War Industries Board had regarding the contract referred to therein with the E. I. Dupont de Nemours & Company was a telephone message to the Chairman of the Board to the effect that you proposed to make a contract with the Dupont Company involving the expenditure of about $90,000,000 without referring it any way to the Board.

2. We now understand that you simply advise us of your action as a matter of information.

Respectfully,

(Signed) H. P. BINGHAM,
Secretary War Industries Board.

HPB/GV

Mr. Brookings stated that he and Mr. Baruch had been called upon this morning by the Secretary of War who had requested that the Board investigate the contract advising him as to the
226 opinion of the Board of the terms thereof. Mr. Baruch and Mr. Brookings were thereupon requested to consider the contract in its various phases and advise the Board.

Lumber—Price fixing.—The regulation of the price for lumber as raised by the President's communication of September 21st was discussed and action deferred.

The meeting adjourned at 1:00 P. M. to reconvene at 2:30 for discussion of the regulation of the price of tin plate and of certain items of steel.

H. P. BINGHAM, *Secretary.*

227 Meeting of the War Industries Board, held Wednesday, October 31, 1917, at 2:30 P. M., in Room 703, C. N. D. Building

Present: Judge Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary; and Mr. Replogle, Mr. Legge, Mr. Bentley of the Food Administration.

Tin Plate—Price fixing.—Two communications from Mr. Bentley of the Food Administration, one dated October 27th and the other October 31st, requesting that the War Industries Board fix a price for tin plate up to January 1st, 1918, and that that price be $7.75 per box and that a subsequent price from then on for nine months be fixed, were read.

Acting upon this request, it was moved and unanimously carried that the Board comply with the request of the Food Administration and fix the price of tin plate at $7.75 per base box up to January 1st,

1918, and that sometime prior to January 1st, 1918, a price be fixed for the succeeding nine months.

228 At this point the following who represent the sheet and tin plate industry were invited into the meeting: J. I. Andrews, General Mgr. of Sales, American Sheet Tin Plate Co., Pittsburgh, Pa.; J. B. Bonner, American Iron & Steel Institute, Washington; E. T. Weir, President, Phillips Sheet & Tin Plate Company; E. R. Crawford, President, McKeesport Tin Plate Company; Phillip Schaeffer, Asst. Gen'l Mgr. of Sales, Jones & Laughlin Co.

Judge Lovett informed the sheet and tin plate representatives of the decision of the Board which was unanimously agreed to by them, after some discussion as to the various phases of the situation, whereupon Judge Lovett stated that the Board would endeavor to obtain the endorsement of the President and that a formal announcement would be made.

The meeting adjourned at 3:45 P. M.

H. P. BINGHAM, *Secretary.*

LETTER OF CERTIFICATION

UNITED STATES OF AMERICA,
WAR DEPARTMENT,
Washington, May 6, 1935.

I hereby certify that the attached papers are true copies of records of the War Department as contained in the files of the War Industries Board on file in the office of The Assistant Secretary of War, Washington, D. C.

HARRY B. JORDAN,
Colonel, Ordnance Department,
Custodian of Records, War Industries Board.

I hereby certify that Colonel Harry B. Jordan, who signed the foregoing certificate, is the custodian of records of the War Industries Board, and that to his certification as such full faith and credit are and ought to be given.

In testimony whereof I, George H. Dern, Secretary of War, have hereunto caused the seal of the War Department to be affixed and my name to be subscribed by the Assistant Chief Clerk of the said Department, at the City of Washington, this sixth day of May 1935.

[SEAL]

GEO. H. DERN,
Secretary of War.
By F. M. HOADLEY,
Assistant Chief Clerk.

War Department, Form No. 7.

MINUTES OF WAR INDUSTRIES BOARD

229 **Meeting of the War Industries Board, held Thursday, November 1, 1917, at 10:00 A. M., in Room 703, C. N. D. Building**

Present: Mr. Baruch, Acting Chairman; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary.

Organization—Reading of minutes.—The minutes of the meetings held Friday, October 25th, at 10 o'clock A. M., and at 3:00 o'clock P. M., and on Wednesday, October 31st, at 10 o'clock A. M., and at 2:30 o'clock P. M., were read and approved.

Organization—Resignation of Mr. F. A. Scott.—Col. Pierce stated that on October 26th the Secretary of War had asked him to state to the Board that because of ill health Mr. Scott had been forced to tender his resignation as Chairman of the War Industries Board, and that with great regret the resignation had been accepted.

Col. Pierce explained that some weeks before that Mr. Scott had verbally requested that he be relieved from duty with the War Industries Board and that acceptance of his resignation had been delayed until finally, upon the advice of his physician, he had been forced to present this formal resignation with request for immediate action.

230 Copies of Mr. Scott's resignation and the acceptance of it by the Chairman of the Council of National Defense were read for the information of the Board, and are as follows:

OCTOBER 25, 1917.

DEAR MR. CHAIRMAN: With the deepest regret, and only because I am experiencing a recurrence of a serious physical difficulty from which I suffered in 1912, I submit my resignation from the Chairmanship of the War Industries Board.

To you and your associates on the Council of National Defense I wish to convey my sincere appreciation of the opportunity to serve our country which you allowed me, and to assure you of my gratitude for the encouragement and assistance which has been extended to me in the work.

May I ask that my resignation be accepted as early as may be, and that on account of my physical need, I be allowed to retire at once from the work of the Board.

Respectfully,

(Signed) F. A. SCOTT,
Chairman War Industries Board.

The Honorable The CHAIRMAN OF THE COUNCIL OF NATIONAL DEFENSE,
Washington, D. C.

231

WAR DEPARTMENT,
Washington, October 26, 1917.

HON. FRANK SCOTT,
Chairman War Industries Board.

MY DEAR MR. SCOTT: On behalf of my associates and myself, I accept with the deepest regret the resignation which you have just tendered me as Chair-

man of the War Industries Board. We are willing to take this action only because we realize the need you have for rest after the devoted labor which you have performed in the interest of the Government.

I have no doubt that some appropriate minute of Recognition of your services will be entered upon the record of the Council of National Defense, but in anticipation of formal action, I beg leave to assure you that we deeply appreciate the self-sacrifice as well as the value of the service you have rendered and count it a most fortunate thing for the Government that it was able to have your knowledge, zeal, and splendid spirit as a part of the organization with which it faced the early and difficult tasks of industrial organization for the war.

With the earnest hope that your recovery will be immediate, I am,

Gratefully and cordially yours,

(Signed) NEWTON D. BAKER,
Secretary of War.

233 whereupon it was moved and carried that Mr. Brookings, Admiral Fletcher, and Colonel Pierce, acting as a Committee, prepare a testimonial expressing the regret the Board feels at the loss of Mr. Scott and the high esteem in which he was held by all members of the Board.

It was ordered that such a resolution be spread upon the minutes, and that a copy be sent to Mr. Scott.

Steel—Price fixing: sheets, pipe, cold rolled steel, scrap and plain wire.—Mr. Replogle was called into the meeting relative to the fixing of a price for the above given commodities. It was moved and carried that the following commodities be fixed at the prices given, and that such a recommendation be made to the President:

Commodity	Price agreed upon	Basis
Bess & O. H. Sheets:		
Black #28	$5.00 per 100 lbs.	Pitts.
Blue annealed #10	$4.25 per 100 lbs.	Do.
Galvanized #28	$6.25 per 100 lbs.	Do.
Steel Pipe: Black ¾ to 3" BW	52 & 5 & 2½	Do.
Scrap:		
Heavy melting	$30.00 GT.	Consuming point.
Cast-iron boring & machine shop turnings.	$20.00 GT.	Do.
No. 1 R. Wrought #1	$35.00 GT.	Do.
Wire: Plain 9 gauge	$3.25 per 100 lbs.	Pitts.
Cold Rolled Steel	17% discount from March 15th, 1915, list.	Do.

233½ The matter of fixing a price for common nails was discussed and it was the decision of the Board that for the time being at least no price for this commodity should be fixed. It was likewise the decision of the Board that in the public announcement covering these prices the statement should be made that the steel items now regulated would be all the items that the Board expects to fix and that it is expected that the trade will adjust itself accordingly.

Organization—Lumber Bureaus.—There was submitted a letter addressed to Mr. Baruch under date of October 17, 1917, from Mr. R. H. Downman, Chairman of the Lumber Committee of the Advisory Commission of the Council of National Defense, in reference to the relations of such Committee to the War Industries Board, and upon consideration and after discussion of said letter, it was, on motion duly adopted.

Resolved (1), That the War Industries Board does not favor the creation or continuance of a Committee or Committees composed of lumber manufacturers as Committees, Subcommittees, or Agencies otherwise of the War Industries Board. But this is not to be understood as objecting to the creation of Committees by lumber manufacturers themselves as representatives of the industry for any lawful purpose.

Resolved (2), That in place of a Committee composed of lumber manufacturers acting as a Committee of the War Industries Board, Mr. Baruch be requested to select and attach to his staff a man thoroughly familiar with the lumber industry, or if deemed advisable by Mr. Baruch, two such men, one from the southeastern and the other from the northwestern lumber district of the United States, to act as expert advisor or advisors to lumber, acting as an individual or individuals in aiding the War Industries Board, and not as members of any Committee.

234 *Resolved* (3), That the selection of Mr. Downman as a member of such staff would be most acceptable to the War Industries Board, if satisfactory to Mr. Baruch.

Organization—Status of Committees.—A communication from Mr. Gifford dated October 17th asking the views of the War Industries Board relative to the continuation and appointment of committees on industry by the Council of National Defense and by the War Industries Board, was presented. The following proposed reply to Mr. Gifford defining the position of the Board in connection with such committees was presented and ordered sent to Mr. Gifford.

OCTOBER 31, 1917.

MR. W. S. GIFFORD,
Director Council of National Defense, Washington.

DEAR SIR: I am directed by the War Industries Board to say, in reply to your letter of the 17th instant, that the War Industries Board are of opinion that Committees composed wholly or largely of manufacturers or producers of commodities or articles of prime necessity, the price and production of which are not ordinarily fixed and regulated by law, such as coal, steel, copper, oil, etc., should not be created and appointed as Committees of the Council of National Defense or of the War Industries Board, and thus be given an apparent legal status with respect to functions, which as exemplified by the committees heretofore appointed are, to say the least, vague. Such committees, according to our information, have rendered most valuable services to the Government in the present emergency, but we do not deem them absolutely necessary. We believe that Committees or other representatives created by and representative of the several trades themselves will be substantially as effective in cooperating with the Government as the other Committees, where there is a bona fide desire to cooperate. In any event, such advantages, if any, as may arise from the creation and activities of such Committees as Agencies of the Council of National Defense are in our judgment offset by the public prejudice against having a group of individuals representing an industry act for the Government in buying the products of such industry; and by the

235 doubt as to whether the creation of such Agencies harmonizes with public policy as established by statutes enacted by practically all of the States, as well as by Congress, designed to discourage organizations of competitors in trade.

We believe that the selection by the Council of National Defense or by the War Industries Board of an individual in each industry or branch of any industry in which the Government is interested in the present emergency as an expert advisor or representative with respect to such industry will meet the necessities of the situation, and will prove satisfactory, without incurring the suspicion and criticism and possible evils involved in the creation of such Committees. If individuals sufficiently expert who are not personally interested in any industry with which the Government may have to deal can be found available, so much the better, but such interest should not bar the selection of an exceptionally able man from acting as such expert advisor, since by disclosing his interest, others could determine the questions and act for the Government in the rare cases in which the dealings would be with the particular company in which his interest lay.

With respect to the suggestion contained in War Bulletin No. 24 issued by the Chamber of Commerce of the United States on October 8th, 1917, about the election of War Service Committees of the different industries and trades, to which you refer: Our opinion is that it is not wise for the War Industries

Board or the Council of National Defense to sanction any particular method of selecting such Committees, or indeed to express any opinion as to the selection of such Committees at all. We believe that the whole subject should be left to the patriotism and good judgment of the various trades and industries or to the United States Chamber of Commerce to organize such Committees or Agencies as it may deem helpful and to take such action and exercise such functions as may be consistent with the laws of the country.

Whenever it is necessary for any Department of the Government to ask competitors in trade to act in concert, it probably always will be with respect to a particular subject or transaction, the nature and scope of which will be well defined; and in such case we believe all will be amply protected. This we consider more consistent with law and public interest than any general license covering undefined and unforseeable possibilities.

Yours truly,

(Signed) R. S. LOVETT, *Acting Chairman.*

236 *Shortage—Private telephone and telegraph lines.*—In reference to a communication received from Admiral H. H. Rousseau, Manager Division of Shipyard plants, United States Shipping Board, dated October 15th, suggesting that private telephone and telegraph lines be added to the shortage list, a communication from Mr. W. S. Gifford dated October 29th recommending that the War Industries Board and the Priorities Committee discourage the assignment of exclusive private telephone lines for either shipbuilding plants or other plants producing war materials, was presented.

It was moved and carried that the recommendation of Mr. W. S. Gifford be approved and the Secretary was instructed to notify Admiral Rousseau and the Priority Division of this action, and similarly communicate this to the

Chemicals—High cost of commercial explosives.—Various communications covering the present high cost of commercial explosives referred to the War Industries Board by the Secretary of War for action, and a report from Mr. L. L. Summers relative thereto, and dated October 24th, were presented and ordered referred to the Explosive Committee of the Board consisting of Admiral Fletcher and Colonel Pierce, who, together with Mr. Frayne, were asked to investigate and advise the Board as to the proper course to pursue.

The Secretary was instructed to advise the Secretary of War that the question raised was being considered in connection with the whole explosive situation.

237 *Chemicals—Allotment of oleum and sulphuric acid.*—Admiral Fletcher presented communications from the Chief of the Bureau of Ordnance of the Navy and the Acting Paymaster General requesting that the necessary amount of oleum and of sulphuric acid be allotted to the Hercules Powder Company and the Aetna Explosive Company for the manufacture of 15,000,000 pounds of TNT and 18,000,000 pounds of powder, for which clearance had been previously given. The requests were acted upon by the Division of Raw Materials, and the Chemical Committee was requested to apportion the oleum and sulphuric acid required by the companies in the manufacture of the above explosives.

Organization—Need for this Board's activities in France.—A communication dated October 23rd from the Chairman of the Clearance Committee calling attention to the need for the activities of an organization such as the War Industries Board to be carried on in France was presented and referred to Col. Pierce for consideration and advice.

Organization—Artillery Committee—Mr. King, Mr. Bush, and Mr. Hagman.—The resignations of Mr. S. P. Bush, Mr. Joseph B. King, and Mr. W. J. Hagman as members of the Committee on Army and Navy Artillery were presented and accepted as of September 7th.

Legislation covering post-war time conditions.—A communication from the State Department dated October 15th attaching communication from Mr. W. A. Crawford Frost making certain suggestions for legislation to cover post-war time conditions was presented and ordered referred to Mr. Frayne for consideration and advice.

238 *Cantonment Construction—Centralizing of all emergency construction building operations.*—Col. Pierce reported that in accordance with action of the Board taken September 21st, he desired to inform the Board that all temporary building operations and purchasing of supplies therefor of the various departments of the Army have been concentrated under the Department of the Quartermasters Corps of the Army, headed by Gen. I. W. Littell.

Gauges.—A communication from Mr. C. W. Rice, Secretary of the American Society of Mechanical Engineers, dated October 8th, together with report from Mr. H. P. Ingels of October 17th relating to the central certification of gauges, were presented and referred to Col. Pierce for investigation and advice.

Trucks—Contract let for parts of Standard Truck.—Mr. Brookings presented the following communication from the Quartermaster General advising of contracts placed for parts of the Standard Army Motor Truck:

1. October 22nd—451.2–T giving a list of manufacturers who will make steering gears, controls, clutches, and transmissions for Model "B" 3-ton Standard Army Motor Trucks.
2. October 25th—451.2–T–Wheels—giving a list of manufacturers who will manufacture wheels for Model "B" 3-ton Standard Army Motor Trucks.
3. October 26th—451.2–T–Frames, giving a list of manufacturers who will manufacture Frames for Model "B" 3-ton Standard Army Motor Trucks.
4. October 27th—451.2–T–Electrical Equipment, giving a list of manufacturers who will manufacture Magnetos, generators, distributors, coils, and switches for Model "B" 3-ton Standard Army Motor Trucks.

239 It being understood that contracts had been placed as outlined, the Secretary was instructed to acknowledge the receipt of these letters and to notify the Quartermaster General that a record has been made of their contents.

Organization—Interim Executive Officer for the more efficient handling of the work of the War Industries Board in absence of a Chairman.—To secure greater efficiency in the handling of the work of the War Industries Board during the absence of a Chairman, it was moved and carried that Col. Pierce be appointed Executive Officer to assist in carrying on the business of the Board until a Chairman be appointed.

Intelligence—Rifle plant at Pratt & Whitney Company for Spain.—Admiral Fletcher presented a communication dated October 30th No. 32766 from the Bureau of Ordnance drawing attention to the fact that a rifle plant was being built for Spain at the Pratt & Whitney Works and the possibility that the United States Government might need this material. This matter was referred to Col. Pierce for advice.

Special Meeting—Automobile manufacturers.—At the request of Mr. H. E. Coffin, Friday afternoon at 4 P. M. was set aside for a meeting with certain automobile manufacturers now in the city.

The meeting adjourned at 12.30 o'clock P. M.

(Sgd.) H. P. BINGHAM, *Secretary.*

240 **Meeting of the War Industries Board held Friday, November 2, 1917, at 10:00 A. M., in Room 703, C. N. D. Building**

Present: Judge Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary.

Organization—Reading of the minutes.—The minutes of the meeting held Thursday, November 1st at 10 o'clock A. M., were read and approved with exception of subject having to do with the resignation of Mr. Scott, the reading of which was deferred until the next meeting of the Board.

Intelligence—Wire from Mr. Bissell as to need for increased vigilance in cotton districts.—A wire from Mr. R. M. Bissell, President, National Board of Fire Underwriters dated October 31st calling attention to the need for increased vigilance in the cotton district because of enemy hazards, was presented and ordered referred to the Department of Justice for their attention, and it was ordered that Mr. Bissell be advised of this action.

Commandeering—Goods in Storage for enemy account.—Mr. Baruch reported that in accordance with request of Mr. Mitchel Palmer, he had turned over all data in his possession as con-
241 nected with goods in storage for enemy account to him, who had been appointed by the Government to handle this situation.

Mr. Frayne was requested to procure and keep in his possession a list of all such property not seized by the Government and possibly stored for account of foreign non-enemy agencies in order to assist the Government to procure if possible such material.

Cement—Price fixing.—Mr. Baruch presented a communication from the President dated October 31st transmitting supplementary report from the Federal Trade Commission as to the cost of cement at the mills of sixteen Eastern companies. It was ordered that this report be referred to Mr. Eugene Meyer, Jr., for advice to the Board.

Price fixing—Lumber, lead, cement, zinc, tin plate and supplementary steel items.—It was the decision of the Board that a conference should be arranged with the President to present to him the Board's views as to the fixing of a price for the above given items.

A conference with the President was arranged for Monday, November 5th at 12:30 o'clock P. M. at the White House.

Steel—Price fixing—rails.—Mr. Baruch presented a communication from Mr. Vauclain dated October 30th attaching a communication from the Director General of Railways dated October 25th concerning the need for the fixing of a price for rails.

242 It was decided that no action should be taken by the Board until it is ascertained what if any price arrangement has been consummated between the rail mills and the railroads. This matter was referred to Judge Lovett for investigation and report.

Steel—Need for coal.—Mr. Baruch presented a communication from Mr. Replogle dated November 1st giving a list of plants whose production was being seriously interfered with because of the lack of coal. Mr. Baruch reported further that Mr. Replogle had called upon Mr. Garfield, The Fuel Administrator, and had been advised that relief would be given at once.

Labor—Draft Exemption.—Mr. Frayne reported that in pursuance with request of the Board he had held a conference with Gen. Crowder and had discussed with him the matter of the various requests for exemption brought to the attention of the War Industries Board by employers and individuals who desire to secure exemptions from military duties.

He said that Gen. Crowder had stated that the selective draft law was very specific and did not make any distinction or exception of those coming within the law except in cases of those found physically unfit for service, and that he had further stated that under the law appeal should be made directly to President Wilson through the proper channels and that such exemptions were being granted in all cases where it could be clearly shown that such exemptions were justifiable and in the best interests in carrying out the war program.

243 Upon Mr. Frayne's recommendation, the Secretary was instructed to prepare a form letter to answer all such questions addressed to the Board referring the individuals and firms asking exemption as advised by Gen. Crowder.

Labor—Representation on committees connected with the recommending of contractors to secure Government contracts.—Mr. Frayne presented a communication from Mr. J. J. Manning, Secretary of the United Garment Workers of America, dated November 2nd conveying the opinion of that Committee that two representatives of labor become members of the Supplies Committee. The Board requested that the special committee appointed by the Board consisting of Mr. Frayne, Admiral Fletcher, Col. Pierce and Mr. Eisenman definitely advise the Board as to the action desired by their committee.

Optical glass—Azimuth Instruments.—Mr. Brookings presented a communication from the Carriage Division of the Ordnance Department dated October 26th No. 413.683/5 asking the Board's approval of a proposed arrangement with the Warner & Swasey Company for the furnishing of 129 W & S azimuth instrument Model of 1910.

It was the Board's decision that as the prices quoted are considered fair and just by the department and since the Board is informed that the percentage of profit to the company will not be over 15%, the Board can see no reason why the order should not be placed on the terms given.

244 *Optical glass—Panoramic sights.*—Mr. Brookings presented a communication from the Carriage Division, Ordnance Department dated October 24th No. CF (6) 473.854 asking the approval of the Board of a proposed contract with the Warner & Swasey Company for the manufacture of 4,000 panoramic sights, Model of 1917, at prices given.

It was the Board's decision that as the prices quoted were the same as for an order for similar material sometime ago and which

were at that time considered fair and just, and since there was no reason to believe that the cost of these instruments is now lower than at that time, that it could see no reason why the order should not be placed on the basis given.

The meeting adjourned at 12:15 P. M.

(Sgd.) H. P. BINGHAM, *Secretary.*

245 **Meeting of the War Industries Board held Monday, November 5, 1917, at 2:45 P. M., at The White House**

Present: The President. The War Industries Board: Mr. Baruch, Acting Chairman; Mr. Brookings; Admiral Fletcher; Col. Pierce; Mr. Bingham, Secretary.

Special Meeting—price fixing—steel, lead, zinc, lumber, cement, and fuel oil.—Mr. Baruch stated that the cost data furnished by the Federal Trade Commission covering the cost of lead, lumber, cement, and fuel oil was not comprehensive enough to permit the fixing of a price for the public for these commodities at the present time, and that the report on the cost of zinc had only just come to hand. Further he said that the proportion of production which the Government required of these items was very small.

The President expressed the wish that the price on these commodities be fixed for the public insofar as possible even though the requirements of the Government were only a small percentage of the production.

In the fixing of the price for fuel oil, the President wished the War Industries Board to work in close harmony with the Fuel
246 Administrator so that a uniform price would be fixed for the Government's requirements and those of the general public, whose interests the Fuel Administrator would represent.

Mr. Baruch stated that the Federal Trade Commission had been asked for additional cost data on the items on which their information was insufficient to fix a price for the public.

The President was then handed a proposed statement to be made public covering the agreement made by the War Industries Board with the principal steel interests fixing maximum prices for sheets, pipe, cold-rolled steel, scrap, wire, and tin plate, which is as follows:

The President has approved an agreement made by the War Industries Board with the principal steel industries of the United States, fixing maximum prices, subject to revision January 1, 1918, on certain steel articles as follows:

Sheets.—No. 28 Black Sheets, $5.00 per 100 pounds f. o. b. Pittsburgh; No. 10 Blue Annealed Sheets, $4.25 per 100 pounds f. o. b. Pittsburgh; No. 28 Galvanized Sheets, $6.25 per 100 pounds f. o. b. Pittsburgh.

The above prices to apply to both Bessemer and Open Hearth Grades.

Pipe.—On ¾-inch to 3-inch Black Steel Pipe, Discount 52 and 5 and 2½% f. o. b. Pittsburgh.

Cold-rolled steel.—17% discount from March 15th, 1915, list f. o. b. Pittsburgh.

Scrap	*F. O. B. consuming point*
No. 1 Heavy Melting, per gross ton	$30.00
Cast iron borings and machine shop turnings, per gross ton	20.00
No. 1 Railroad Wrought, per gross ton	35.00

247 *Wire.*—Plain wire, $3.25 per 100 pounds f. o. b. Pittsburgh.

Tin plate.—Coke base, Bessemer & Open Hearth, $7.75 per 100 pounds box f. o. b. Pittsburgh.

In connection with the above, the iron and steel manufacturers have agreed promptly to adjust the maximum prices of all iron and steel products other than those on which prices have been agreed upon, to the same general standard as those which have been announced. It is expected that this will be done promptly and consistently in line with the basic, intermediate, and finished products, for which definite maximum prices have been established.

The President approved the prices as submitted and ordered that the statement be made public through Mr. Creel of the Committee on Public Information.

The War Industries Board withdrew at 3.15 P. M.

(Sgd.) H. P. BINGHAM, *Secretary.*

248 **Meeting of the War Industries Board held Wednesday, November 7, 1917, at 10:00 A. M., in Room 703, C. N. D. Building**

Present: Mr. Baruch, Acting Chairman; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary.

Organization—Reading of Minutes.—The item of the minutes of the meeting of the Board held Thursday, November 1st at 10 o'clock A. M. having to do with the resignation of Mr. Scott was read and approved.

The minutes of the meetings held on Friday November 2nd at 10 o'clock A. M. and on Monday, November 5th at 2:45 P. M., were read and approved.

Army requirements—Important items of material necessary for railroads of the United States up to January 1st, 1919.—A communication from Judge Lovett dated November 3rd submitting a list of important items of material necessary for the railroads of the United States for the period up to January 1st, 1919, was submitted for the information of the Board, and a copy ordered sent to each member.

Cantonment construction—Percentage of profit to contractors who have undertaken cantonment construction.—A communication
249 from Major Kilpatrick of the Emergency Construction Committee dated November 1st stating that through the terms of the emergency construction contracts the contractors' rate of compensation for the building of the cantonments was 3% or less, this because of the fact that the average cost of the cantonments is over $7,500,000.

A copy of this communication was ordered sent to each member of the Board for his information.

Coal desired for Chilean cruiser.—A communication from the Fuel Administration dated November 2nd attaching certain papers relative to the advisability of furnishing a Chilean cruiser in American waters with 800 tons of coal, and asking the opinion of the War Industries Board on this subject, was presented, and upon the recommendation of Admiral Fletcher the Board could see no reason why this request for coal should not be granted.

Chemicals—Abrasives from Norton Company of Ottawa and need for importation into Canada of materials to repair that plant.—A communication from the Clearance Committee dated November 5th together with letters from the Norton Company and Col. Blunt relative to action necessary to secure permission from the Canadian authorities to import into Canada certain material necessary for the operation of that company's plant in Canada who manufacture abrasives, were presented.

It was the decision of the Board that a communication should be addressed to the Canadian Department of Trade and Commerce at Ottawa advising them of the importance of permitting the importation of the necessary supplies for the repair of the Norton
250 Company's plant at Chippawa.

Machine Tools—Construction at Pratt & Whitney Company's plant for Russian, Chinese, and Spanish Governments.—Col. Pierce presented a communication from the Gun Division of the Ordnance Department dated October 22nd and similarly a communication from the Bureau of Ordnance dated October 30th—32736, both calling attention to the fact that various machinery was being manufactured at the plant of the Pratt & Whitney Company for the Russian, Chinese, and Spanish Governments, and suggesting that the War Industries Board take such action as may make this material available to the United States Government should such action be felt desirable.

It was the opinion of the Board that the U. S. Government and these nations associated with us in war should be given the preference both as to the tools concerned in the manufacture of those munitions and also as to the use of the skilled mechanics at the Pratt & Whitney Company's plant, and that the orders of the United States Government and those of the associated nations be placed with the Pratt & Whitney Company should be given the necessary priority certificates so that they will receive precedence over the orders of any other Government.

Cantonment construction—Meeting of architects to consider architectural features of Government construction work.—A communication from Colonel Pierce advising the Board of the fact that authorization had been given the Emergency Construction Committee to extend an invitation to certain architects to come to Wash-
251 ington and consult with that Committee in connection with the architectural features of the building construction work now being undertaken by the Government. The Board approves the action as taken.

Priority—Communication from the Secretary of War with telegram from J. E. Ransdell—priority of road material.—A communication from the Secretary of War dated November 6th attaching a telegram from J. E. Ransdell asking that order given be rescinded or modified as regards the transportation of road material in open cars for road construction in Louisiana, was presented and referred to Judge Lovett for action.

Organization—Optical Glass Committee.—A communication from the Optical Glass Committee dated October 31st inquiring as to their status and their membership on the Clearance Committee, was presented.

It was the wish of the Board that they be informed that the status of their Committee was being considered in connection with the status of the other Committees of the Council of National Defense, and likewise of the action of the Board taken October 5, 1917, to the effect that because of the desire to hold the membership of the Clearance Committee to as small a number as possible, it was deemed inadvisable to secure their direct representation on that Committee.

Motor trucks—Contract for springs, seats, etc., for Model "B" 3-ton Standard Army Motor Trucks.—Mr. Brookings pre-
252 sented a communication from the Quartermaster General dated November 2nd No. 451.2–T advising of contracts places for springs, seats, dashes, hoods, fenders, fan shrouds, tanks and lamps for Model "B" 3-ton Standard Army Motor Trucks, and copy of contract.

It being understood that contracts had been placed as outlined, the Secretary was instructed to acknowledge the receipt of this communication and to notify the Quartermaster General that a record has been made of its contents.

Gun Carriages—8" Barbette.—Mr. Brookings presented a communication from the Clearance Committee dated November 1st and Carriage Division, Ordnance Department, October 30th 473.3411/3, asking for approval of proposed contract with the Morgan Engineering Company for 25 to 30–8" Barbette carriages upon terms stated.

Upon the recommendation of Mr. Brookings the Board moved that the Ordnance Department be informed that the Board can see no reason why this contract should not be entered into on the terms stated.

Gun Carriages—Recoil mechanism for 155 m m guns.—Mr. Brookings presented a communication from the Clearance Committee dated October 29th and communications from the Ordnance Department dated October 27th—473.824/123 and Nov. 2nd—473.824/125, asking for approval of a proposed contract with the Dodge Brothers Company for 3,240—155 m m Howitzer hydropneumatic recoil mechanisms at prices given and 1,426 m m G. P. gun hydro-
253 pneumatic recoil mechanisms as prices also given.

Upon the recommendation of Mr. Brookings, it was moved that the Ordnance Department be advised that the Board can see no reason why the order should not be placed on the terms stated.

Labor—Reported trouble at Beaver Falls.—Mr. Frayne reported that he had received word of a strike at the Woltrup Products Company and two other plants at Beaver Falls, Pennsylvania, effecting about 2,000 skilled mechanics at those plants, which plants are engaged in producing war materials. Mr. Frayne was asked to take this up with Mr. Replogle and advise the Board as to what action should be taken to bring a settlement of the difficulties.

Price fixing—Lead, lumber, cement, and fuel oil.—By action of the Board the Secretary was instructed to request the Federal Trade Commission to furnish the Board in accordance with the wish of the President with more comprehensive data than now at hand covering the cost of the production in the United States of lead, lumber, cement, and fuel oil, in order that the price for the public as well as for the Government may be fixed.

Steel—Method to be employed by the Navy for the purchase of steel.—The question was raised as to whether the Navy should clear through the Clearance Committee all proposed orders for steel for items other than those upon which a price has been fixed by the President.

254 It was the Board's opinion that this should be done and Admiral Fletcher was requested to investigate and report to the Board of the Navy's position in regard to this matter.

The meeting adjourned at 11:05 A. M.

(Sgd.) H. P. BINGHAM, *Secretary.*

255 **Meeting of the War Industries Board held Thursday, November 8, 1917, at 10:30 A. M., in Room 703, C. N. D. Building**

Present: Mr. Baruch, Acting Chairman; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary.

Organization—Reading of minutes.—The minutes of the meeting held Wednesday, November 7th, at 10 o'clock A. M., were read and approved.

Trucks—Type of contract for parts.—Relative to terms of contract used by the Quartermaster General in letting contracts for parts for Model "B" Standard 3-ton Army Truck as brought to the attention of the Board by the Quartermaster General in his communications of October 17th, October 22nd, October 25th, October 26th and November 2nd, Mr. Brookings moved and it was carried that the Quartermaster General be informed that it is the opinion of the Board that it is inadvisable to allow the possibility of a maximum profit of 20% as permitted by the terms of the contract and that the 15% as allowed should be sufficient to the manufacturer, particularly since a minimum profit of 5% is guaranteed.

Labor—Campbell & Rosson Live Stock Company.—Mr. Frayne presented a communication from the Campbell & Rosson Live
256 Stock Company making suggestions as connected with the price paid labor, particularly for cantonment construction. Mr. Frayne stated that insofar as he had been able to learn the contractors and the Government seemed to be well satisfied with the results obtained in the construction of the cantonments and, upon his recommendation, it was ordered that the communication be so acknowledged and filed.

Labor—A. B. Farquhar—Duties of Labor.—Mr. Frayne presented a communication from Mr. A. B. Farquhar dated October 20th calling attention to the duties of labor in connection with the present emergency insofar as they should be obliged to work twelve hours instead of eight or ten.

Mr. Frayne stated that as the Government through its various departments and employees is successfully dealing with the subject through mediation and conciliation methods, he did not believe that action as suggested by Mr. Farquhar should be carried into effect. It was ordered that the communication be so acknowledged and filed.

Labor.—Mr. Frayne presented a communication from Col. C. B. Wheeler, Ordnance Department, dated September 24th, No. V 231.5/29, asking the cooperation of the Board in the securing of necessary machinists. He likewise presented a communication from Mr. C. A. Durbin, Business Agent of the Machinists Union of Greater New York and vicinity, dated November 2nd, calling attention to his ability to secure quantities of machinists for Government
257 work.

Upon Mr. Frayne's recommendation, it was ordered that a copy of Mr. Durbin's letter be sent to Col. Wheeler which, it was considered, covered the situation.

Labor—Strike at Beaver Falls, Pa.—Mr. Frayne reported that in accordance with request of the Board he had taken up with Mr. Replogle the matter of strike of mechanics at Beaver Falls, Pennsylvania, and that the early settlement of the difficulties was expected.

Intelligence—Wire from Mr. Bissell, National Board of Fire Underwriters—Need for additional protection against enemy hazards in cotton district.—Mr. Baruch stated that he had been requested by the Department of Justice to secure action from the War Industries Board as regards the question raised by Mr. Bissell, President of the National Board of Fire Underwriters, in his recent telegram suggesting that additional protection be secured against enemy hazards in the cotton district.

It was the decision of the Board that this telegram should be referred to the Director with the request that he ask the various State Councils of Defense to give this matter their attention, bearing in mind the recommendation of this Board to the effect that such action as was suggested by Mr. Bissell be secured.

Labor—Representation on Supplies Committee.—Mr. Frayne reported progress on the question of labor representation on the Supplies Committee.

The meeting adjourned at 11:15 A. M.

(Sgd.) H. P. Bingham,
Secretary.

258 **Meeting of the War Industries Board held Friday, November 9, 1917, at 10:00 A. M., in Room 703, C. N. D. Building**

Present: Mr. Baruch, Acting Chairman; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary.

Organization—Reading of minutes.—The minutes of the meeting held Thursday, at 10:00 A. M., were read and approved.

Intelligence—Wire from Mr. Bissell, National Board of Fire Underwriters—need for additional protection against enemy hazards in cotton district.—It was reported by the Secretary that the Department of Justice was handling the question of securing additional protection against enemy hazards in the cotton district as raised by telegram from Mr. Bissell of the National Board of Fire Underwriters, whereupon it was moved and carried that proposed action of the Board in connection with this question be not taken as such action was now felt to be unnecessary.

Organization—Need for representation of Board on conferences with manufacturers held by the Departments.—Mr. Brookings brought up the necessity for a member of the Board being present at conferences with manufacturers held by the Governmental
259 Departments when arranging for the purchase of materials if the Board was expected to pass judgment on the prices as arranged by the Departments.

It was moved and carried that Mr. Brookings, together with the Secretary, prepare a communication to the Departments covering these points.

Trucks—Contract for radiators and universal joints for Model B 3-ton Standard Army Truck.—Mr. Brookings presented a communication from the Quartermaster General, dated November 6th, No. 451.2-T, advising of contracts let for radiators and universal joints for Model B 3-ton Standard Army Truck.

It being understood that the contracts had been placed as outlined, the Secretary was instructed to acknowledge the receipt of

this communication and to notify the Quartermaster General that a record had been made of its contents and similarly to enclose action of the Board taken Thursday as connected with the terms of the contract used.

Gun Carriages—Order for 155 m/m Howitzer carriages to be placed with the Standard Steel Car Company.—Mr. Brookings presented a communication from the Gun Carriage Division, Ordnance Department, dated November 6th, No. CI (24) 473.24, asking whether the War Industries Board could see any objection to placing a contract for 250 155 m/m Howitzer carriages, Model 1918, with the Standard Steel Car Company on terms as stated.

260 It was moved and carried that the Carriage Division be informed that the Board could see no reason why this order should not be placed on the terms stated.

Gun Carriages—Contract to be placed with American Car & Foundry Company for caisson limbers, etc.—Mr. Brookings presented a communication from the Carriage Division, Ordnance Department, dated November 5th, No. CF (28) 473.861, asking whether the War Industries Board could see any reason why orders for gun caissons, battery wagons, forge limbers, store wagons, and store limbers for 75 m/m guns should not be placed as outlined with the American Car & Foundry Company.

It was moved and carried that the Carriage Division be informed that the Board could see no reason why the order should not be placed on the terms stated.

Rifles, Small Arms—Proposed order and contract for .30 Ball Cartridges to be placed with Western Cartridge Company.—Mr. Brookings presented two communications from the Small Arms Division, dated October 27th, R471.41/112, and November 3d, R471.41/1195, outlining proposed order and type of contract to be placed with the Western Cartridge Company for 179,000,000 Caliber .30 ball cartridges.

It was moved and carried that, based on the evidence at hand, the Board can see no reason why the contract should not be placed on the terms specified and that the Small Arms Division be so informed.

261 *Special Meeting—British Mission headed by Sir Stephenson Kent.*—Mr. Frayne suggested the advisability of the Board meeting with the British Mission headed by Sir Stephenson Kent. The Secretary was instructed to arrange such a conference provided the Mission is intending to again visit Washington.

Projectiles—155 m/m shells—Proposed order.—Mr. Brookings presented the following communications from the Gun Division, Ordnance Department, notifying the Board of orders placed for machining 155 m/m common steel shells as follows:

1. November 6th GP 471.16/1612 with the American Brake Shoe & Foundry Company.
2. November 2nd GP 471.16/1546 with the Standard Steel Car Company, and November 2nd GP 471.16/1511 with the Standard Steel Car Company.
3. November 5th GP 471.16/1584 with the Wm. J. Oliver Mfg. Company.
4. November 5th 471.16/1580, with the Minneapolis Steel & Machinery Company.
5. November 5th GP 471.16/1582 with the Twin City Forge & Foundry Company.
6. November 5th GP 471.16/1614 with the New York Air Brake Company.

7. November 5th GP 471.16/1615 with the Harroun Machine & Ordnance Corporation.

and also the following communications notifying the Board of the placing of orders for forgings for 155 m/m shells as follows:

262 1. November 5th GP 471.16/1559 with the Standard Steel Car Company.
2. November 5th GP 471.16/1583 with the New York Air Brake Company.
3. November 5th GP 471.16/1581 with the Pressed Steel Car Company.
4. November 5th GP 471.16/1568 with the Wm. Wharton, Jr., & Company, Ind.
5. November 5th GP 471.16/1613 with the American Car & Foundry Company.
6. November 5th GP 471.16/1616 with the American Rolling Mill Company.

It was ordered that the receipt of these communications be acknowledged and the Ordnance Department be informed that the Board has noted that due to the pressing emergency the orders have already been placed and that the communications have been sent simply for the information of the Board and have been made a matter of record.

The meeting adjourned at 1:15 p. m. to reconvene at 2:30.

(Sgd.) H. P. BINGHAM, *Secretary.*

264 Meeting of the War Industries Board held Friday, November 9, 1917, at 2:30 P. M., in Room 703, C. N. D. Building

Present: Mr. Baruch, Acting Chairman; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary.

Gun Carriages—Recuperators from Mesta Machine Company.—Mr. Brookings presented a communication from the Carriage Division, Ordnance Department dated November 3rd CF (50)472.811 asking whether the War Industries Board could see any reason why orders should not be placed with the Mesta Machine Company for approximately 11,875 tons of steel forgings for recuperators of field gun carriages at prices as stated.

Upon the recommendation of Mr. Brookings it was ordered that the Ordnance Department be informed that the Board can see no reason why order as outlined should not be placed with the Mesta Machine Company.

Labor—Newton Machine Tool Works complaint seduction of employees.—Mr. Frayne presented a communication from the Newton Machine Tool Works calling attention to the fact that certain of their employees were being induced to leave their plant by

265 companies engaged in Government work on cost-plus bases by the offering of higher wages. This matter was referred to Mr. Frayne for investigation and report.

Power at Niagara—Report from Mr. Bulkley.—A report from Mr. R. J. Bulkley dated November 8th was presented having to do with the settlement of the power situation at Niagara Falls as developed by his investigation of the situation.

In effect he reported that the Secretary of War will act for the United States in the settling of the difficulties and that he has appointed Col. Keller of the Engineer Corps and Mr. R. J. Bulkley as his personal representatives to deal with the Canadian authorities.

The report was approved and referred to the Priority Division to determine the priority of the needs of the uses of this power in the United States.

The meeting adjourned at 4:15 P. M.

(Sgd.) H. P. BINGHAM, *Secretary.*

266 Meeting of the War Industries Board held Wednesday, November 14, 1917, at 10 A. M., in room 703, C. N. D. Building

Present: Judge Lovett, acting chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Col. Pierce; Mr. Bingham, secretary.

Organization—Reading of minutes.—The minutes of the meetings held Friday, November 9th, at 10 o'clock A. M. and at 2:30 o'clock P. M., were read and approved.

Cantonment contractors—recommendation Charles R. Hedden to undertake construction work at Camp Alfred Vail for Signal Corps.—A communication dated November 9th from the Emergency Construction Committee recommending that Charles R. Hedden, of Newark, N. J., be given contract for construction work at Camp Alfred Vail, Little Silver, N. J., for the Signal Corps, was presented.

Upon the recommendation of Col. Pierce, the Board approved of this recommendation.

Tin—Order from Italian Government.—A communication from the Clearance Committee dated November 12th calling the attention of the Board to proposed order for a quantity of tin plate which the Italian Government wished to place and which due to the scarcity in this country they were unable to place, and likewise calling attention to the fact that, under the terms of the loans to Italy, the Italians could not purchase the tin plate in England. It was ordered that this communication be referred to Mr Alexander Legge, for his information.

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Priority—Secretary of Navy asking for priority for submarines.—A communication from the Secretary of the Navy dated November 9th asking that the Board use its best efforts to secure the prompt building of a quantity of submarines, the material for which to be held next in importance to the material for the construction of torpedo boats, was presented.

It was ordered that this communication be referred to the Priority Division for their favorable action.

Organization—Formation of a bureau for the purpose of unessential plants.—A communication from the Director calling attention to the need for the formation of a bureau to consider and advise as to the industries which are and are not essential to the carrying on of the war, was presented.

At this point Mr. Gifford entered the meeting and was requested by the War Industries Board to form such a Department and to present to the War Industries Board a list of the essential and non-essential industries.

268 *Coal—Shortage at plants essential to carrying on the war.*—Judge Lovett presented a communication from Mr. Kirtley dated November 14th calling attention to certain steel plants whose production was being curtailed due to lack of coal and stating that this shortage was particularly due to the congestion of the railroads, also recommending that the movement of nonessentials over railroads in the congested territory be curtailed. Judge Lovett was requested to write Mr. Garfield, Fuel Administrator, asking whether the Fuel Administration could take action as suggested.

Chemicals—Ammonium nitrate desired by Italian Government.—A communication from Mr. Sommers of the Raw Materials Division dated November 7th relative to the desire of the Italian Government to purchase 10,000 tons of ammonium nitrate for shipment between November 1917 and May 1918, and its interference with possible Ordnance Department requirements, was presented and

269 referred to Col. Pierce and Admiral Fletcher for action.

Steel—evident shortage of plates and shell steel.—Judge Lovett presented a report from Mr. Replogle presenting the requirements of the United States Government and the nations associated with us in war for plates and shell steel for the year 1918, and bringing out the certain shortage of these materials due to lack of sufficient facilities for their manufacture in this country. It was ordered that Mr. Replogle be requested to investigate the situation and present to the Board recommendations relative thereto, and Judge Lovett was requested to so advise Mr. Replogle.

Shortages—Addition of electrical equipment to shortage list.—Mr. Brookings presented a communication dated November 13th from the Clearance Committee suggesting that due to shortage in different types of electrical apparatus, electrical equipment be added to the shortage list. Upon his recommendation this addition was approved.

Organization—Electrical Equipment Department added to Mr. Brookings' organization.—Mr. Brookings stated that he had added an Electrical Equipment Department to his organization which was to be under the guidance of Mr. Walter Robbins.

Steel—Proposed addition to plant of Allegheny Steel Company for the manufacture of steel forgings.—Mr. Brookings presented a communication from the Gun Division dated October 23rd No.

270 GP 470.14/895 and November 12, No. GP 470.14/1734 having to do with the offer of Mr. Harry E. Sheldon, President of the Allegheny Steel Company, to build and equip a plant to produce steel and forgings on terms as given.

It was the decision of the Board that the proposition submitted by Mr. Sheldon be disapproved of not only for reasons given in Mr. Vauclain's report on this subject dated October 30th, but also as a business proposition. It was the opinion of the Board that there was no limit to the number of people in this country who would be glad to have the Government establish them in the steel or any other business on the terms and conditions of the proposition made, but as a business proposition if the Government should find it necessary to increase such facilities, it might be willing to avail itself of the services of Mr. Sheldon. Such facilities, however, should be the property of the United States Government.

It was ordered that the Gun Division be so advised.

Machine guns—payment to Colt's Patent Fire Arms Manufacturing Company for their exclusive license under the Browning patents.—Mr. Brookings presented a communication from the

Machine Gun Committee dated November 13th recommending the payment to the Colt's Patent Fire Arms Manufacturing Company a sum of $1,000,000 for their exclusive license to manufacture under the Browning patents for reasons given in their communication. The Board approved of this recommendation and ordered that the Ordnance Department be advised.

271 *Machine guns—order for 25,000 Light Browning machine guns with Winchester Repeating Arms Company.*—Mr. Brookings presented a communication from the Machine Gun Committee dated November 13th recommending that a contract be entered into with the Winchester Repeating Arms Company for 15,000 of the 25,000 guns ordered from the Winchester Company at a price of $280 each, the price of the remaining 10,000 guns to be determined in the light of the experience obtained during the manufacture of the 15,000 guns, the prices for which being now recommended.

Upon the advice of Mr. Brookings the recommendation of the Machine Gun Committee was approved, and it was ordered that the Ordnance Department be so advised.

Machine guns—price for Light Browning machine guns ordered from the Marlin-Rockwell corporation.—Mr. Brookings presented a communication from the Machine Gun Committee dated November 13th recommending that a contract be entered into with the Marlin-Rockwell Corporation for 15,000 of the 20,000 guns ordered from that company at a price of $280 per gun, this price per gun covering all items of cost and profit, including proper amortization of plant and equipment.

Upon being advised by Mr. Brookings that the profit per gun is limited to $38 and that the amortized property will belong to the United States Government, the Board, under the advice of Mr. Brookings, approved of this recommendation.

Gun carriages—Order for 9.5 Howitzer carriages to be placed with Standard Steel Car Company.—Mr. Brookings presented
272 a communication from the Carriage Division Ordnance Department dated November 6th, No. CF (36) 473.26, asking whether the War Industries Board could see any objection to the placing of a contract for 964—9.5 Howitzer carriages with the Standard Steel Car Company on the terms outlined.

Upon the advice of Mr. Brookings it was ordered that the Carriage Division be informed that the Board can see no reason why the order as stated should not be placed.

Gun carriages—Order for 3" with the Willys-Overland Company.—Mr. Brookings presented a communication from the Carriage Division of the Ordnance Department dated November 6th, No. CF (10) 473.13, asking whether the War Industries Board could see any reason why an order for 2,927—3" gun carriages with or without recoil and counter-recoil mechanisms should not be placed with the Willys-Overland Company on terms stated.

It was the decision of the Board that no objection could be found for placing the order either with or without recoil mechanisms on the terms stated and that the Board recommended that the order be placed with the Willys-Overland Company to include recoil and counter-recoil mechanisms.

Organization—Production Section.—Mr. Brookings presented for the information of the Board a communication showing the organization of the Production Section under Mr. Vauclain. This was approved by the Board.

273 *Railroad Commission of Wisconsin asking for Federal Trade Commission's report on cost of lead and zinc.*—Mr. Baruch presented a communication from the Railroad Commission of Wisconsin dated November 6th asking for copies of the reports submitted by the Federal Trade Commission to the President covering the cost of mining lead and zinc in the United States. It was ordered that reply be made to the effect that the reports of the Federal Trade Commission had been made to the President and must be returned to him by the War Industries Board.

Priority—Need for power controller.—Mr. Baruch presented a communication addressed to him by Mr. L. L. Summers of his Division calling attention to the dependence of plants producing war materials upon various power companies and the necessity for regulating and controlling the distribution of power in this country.

It was ordered that this communication be referred to the Priority Committee for their action.

Chemicals—Proposed contract with Dupont Company for enlarging facilities.—Mr. Brookings presented for the information of the Board his communication to the Secretary of War giving his opinion as to the terms of the proposed contract between the Ordnance Department of the Army and the Dupont Company involving the expenditure of approximately $90,000,000.

The meeting adjourned at 12 o'clock noon.

(Sgd.) H. P. Bingham, *Secretary.*

274 **Meeting of the War Industries Board held Thursday, November 15, 1917, at 10:00 A. M., in Room 703, C. N. D. Building**

Present: Judge Lovett. Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary.

Organization—Reading of minutes.—The minutes of the meeting held Wednesday, November 14th, at 10 o'clock A. M.. were read and approved.

Steel—required by British, Italian, and French Governments.—A communication from the Clearance Committee dated November 14th enclosing proposed orders from the British, French, and Italian Governments for ship plates and other classes of steel and asking whether it was in accord with the policy of the Board to grant clearance on such orders, was presented and referred to Mr. Baruch for investigation and report.

Labor—appointment of committee to handle prison labor.—A communication from the National Committee on Prisons and Prison Labor dated October 4th outlining possible procedure of the War Industries Board to handle prison labor by the appointment of a committee to work in harmony with the National Committee of a Prisons and Prison Labor, was presented. Upon the ad-

275 vice of Mr. Frayne, Friday at 10 o'clock A. M., November 16th, was set aside for a meeting with representatives of the National Committee with the understanding that this conference was to be limited to a period of twenty minutes.

Trucks—Terms of contract covering parts for Standard Trucks.—A communication from the Quartermaster General dated November 10th No. 451.2–T advising the Board that the Quartermaster's Department has adopted the suggestion of the Board placing the maximum profit to be allowed manufacturers of parts for Standard Motor Trucks at 15% instead of 20%, was read for the information of the Board.

Chemicals—British needs for nitrocellulose powder.—Col. Pierce presented a communication, dated November 8th, from R. H. Brand, Vice Chairman of the British War Mission asking for more definite information as to the amount of nitrocellulose powder the British Government would be allotted from the Dupont Company in the months of November and December 1918. It was ordered that reply be made in effect that the question of a sufficient supply of nitrocellulose powder was being carefully considered and that it was hoped that a definite reply to their question could soon be made, and likewise that an inquiry should be made from them as to what is being accomplished to operate and increase the Canadian powder making capacity.

276 *Labor—Telegrams relating to settling of building trades—strikes.*—Mr. Frayne presented for the information of the Board copy of a telegram to the President, dated November 12th, from John Donlin, President, Building Trades Department of the A. F. of L., advising the President of action of the building trades organization in calling a meeting in Washington to discuss with the proper Government officials at an early date methods for settling building-trades strikes. Likewise Mr. Frayne presented wire from the President to Mr. John Donlin, dated November 15th, in answer to his wire assuring him of the cooperation of the Government.

Labor—Bethlehem Shipbuilding Corporation—need for labor.—Mr. Frayne presented a communication from Mr. J. B. Weaver, General Manager of the Bethlehem Shipbuilding Corporation, dated November 9th, relative to the need for labor at his plant. It was ordered that a copy of a report prepared by Mr. Frank Mul-

277 hauser, representative Industrial Service Department of the United States Shipping Board, covering this subject be forwarded him.

Gun carriages—Need for additional kiln capacity.—Mr. Brookings presented a communication from the Quartermaster General, dated November 1st, No. 451.7–R relative to the necessity for increasing dry-kiln capacity in the country, particularly with reference to the need for this additional capacity to secure 83,000 escort wagons. This was referred to Col Pierce for investigation and report.

Fuses—Order for fuse sockets with Wm. Vogel and Brothers.—Mr. Brookings presented a communication from the Gun Division, Ordnance Department, dated November 3rd, No. GP 471.81/169 asking whether the Board could see any reason why an order should not be placed with Wm. Vogel and Brothers, Inc., for 3,500,000 fuse socket holders and 3,500,000 copper fuse sockets for 75 m/m shells.

Under the advice of Mr. Brookings the Board could see no reason why orders on the terms stated should not be placed.

Fuses—Order for adaptors with Worthington Pump & Machinery Corporation.—Mr. Brookings presented a communication from the Gun Division, Ordnance Department, dated November 3rd, No. GP 471.822/884, asking whether the War Industries Board could see any reason why an order for 5,000,000 adaptors should not be placed with the Worthington Pump & Machinery Corporation.

Upon the advice of Mr. Brookings the Board could see no reason why an order on the terms stated should not be placed.

278 *Fuses—Order for brass disks with Baltimore Copper Smelting and Rolling Company.*—Mr. Brookings presented a communication from the Ordnance Department dated November 7th, No. GP 471.81/197, asking whether the Board could see any reason why an order for 2,500,000 brass disks for 75 m/m shrapnel should not be placed with the Baltimore Copper Smelting and Rolling Company on the terms stated.

Upon the advice of Mr. Brookings, the Board could see no reason why the order as stated should not be placed.

Rifles—Order for rifle grenade dischargers with Westinghouse Electric & Manufacturing Company.—Mr. Brookings presented a communication from the Gun Division, Ordnance Department, dated November 9th, No. GP 571.612/61, asking whether the Board could see any reason why an order should not be placed for 230,000 rifle grenade dischargers with the Westinghouse Electric & Manufacturing Company on terms stated.

Under the advice of Mr. Brookings the Board could see no reason why the order should not be placed on the terms stated.

Duck—Question of Government purchase of wool clip.—Mr. Brookings presented a communication dated October 31st from the Quartermaster General, No. 420–Ad, submitting certain papers as connected with the possibility of the Government purchasing the entire wool clip of the country, referred to the War Industries Board for advice upon the request of the Secretary of War.

279 Under the advice of Mr. Brookings, it was deemed inadvisable by the Board for the Government to undertake the purchase as suggested. It was ordered that the Quartermaster General be so advised, and that Mr. Eisenman's letter of October 22nd covering this situation be forwarded to him.

Special Meeting—Automobile manufacturers held November 2nd.—Excerpt from minutes of meeting of committee of the automobile industry with the War Industries Board held Thursday, November 2nd, was presented for the information of the Board and ordered filed.

Priority—Policy of Priority Division as connected with undertakings not essential in the war.—Judge Lovett stated that it was the policy of the Priority Division to extend no aid and to discourage all new undertakings which were not essential and in no wise connected with the successful carrying on of the war, agreeing in this policy with that expressed by the Administration. The Board concurred in this policy.

Copper—Suggestion as to public announcement: Mr. Baruch presented a communication dated November 14th from Mr. Meyer of his Division calling attention to the fact that copper was being traded in

at prices above those fixed by the President and suggesting that a public announcement of the policy of the Board be made covering this situation.

It was ordered that Mr. Meyer be requested to suggest to the Board the statement he would recommend be published.

280 *Copper—Status of contracts made since September 21st for copper.*—Mr. Baruch presented a communication dated November 14th from Mr. Meyer of his division asking whether contracts made since the President's announcement of September 21st between producers and manufacturers for copper for delivery beyond January 31st are subject to revision as to price in the event the Government fixes a different price for deliveries to be made after that date.

It was the Board's decision that they were not subject to revision unless they so provide.

Lead—Method for price fixing.—Mr. Baruch presented a communication from Mr. Meyer of his Division dated November 14th relative to the price which has been paid for lead by the Government and suggesting that future prices be arranged over periods of from three to four months only.

It was the opinion of the Board that such a policy should be adopted.

Labor—Wire from Columbus Chamber of Commerce—Need for clearing house on Government needs.—Mr. Baruch presented wire received from John A. Kelley, Manager, Industrial Bureau, Columbus Chamber of Commerce dated November 14th relative to need for clearing house on Government needs to take care of factories closed down because of lack of work due to war conditions.

It was ordered that a copy of this telegram be sent to the Secretary of War and a copy to the Secretary of the Navy and that the sender be advised of this reference.

This meeting adjourned at 12:40 P. M.

(Sgd.) H. P. BINGHAM, *Secretary.*

281 Meeting of the War Industries Board held Friday, November 16, 1917, at 10:00 A. M., in Room 703, C. N. D. Building

Present: Judge Lovett, Acting Chairman; Mr. Baruch, Mr. Brookings, Admiral Fletcher, Mr. Frayne, Col. Pierce, Mr. Bingham, Secretary.

Organization—Reading of minutes.—The minutes of the meeting held Thursday, November 15th at 10 o'clock A. M. were read and approved.

Labor—Utilization of prison labor.—At this point Mr. Sears and Mr. Badensberger, of the National Committee on Prisons and Prison Labor, were invited into the meeting. They laid before the Board their plan to utilize prison labor.

Mr. Sears stated that approximately 493,000 men pass through the prisons of the United States in one year. He suggested that prisoners could be paroled to industrial and construction plants and in this way make use of labor which would not be otherwise available. He said that this had been done with great success in Canada. Relative to men in Army and Navy prisons he suggested that such men could be used to conserve waste, build roads, and other similar work at cantonments and camps, and likewise could be employed

282 in the manufacture of certain materials.

Mr. Badensberger spoke of the conservation of waste which might be accomplished by the use of prison labor. He said that England was now saving $4,000,000 per year in old uniforms and $5,000,000 in rags. He suggested that prison labor be employed to sort waste and figured that the total value of waste in this country amounted to approximately $5,000,000,000. He suggested that a junk controller be appointed by the War Industries Board to work under its direction.

The entire question was referred to Mr. Frayne who was asked to keep the Board informed from time to time and for his information certain reports presented by the two representatives present of the National Committee on Prisons and Prison Labor were ordered placed in his hands.

At this point Mr. Sears and Mr. Badensberger withdrew.

Organization—Testimonial connected with resignation of Mr. F. A. Scott.—The special committee consisting of Mr. R. S. Brookings, Admiral Fletcher and Col. Pierce appointed to arrange for a proper testimonial covering the resignation of Mr. Scott, reported that it was their opinion that because of Mr. Scott's great interest in military matters and particularly in the manufacture of munitions, the presentation to him of the first 75 m/m shrapnel shell manufactured in the United States inscribed as follows:

283 The first 75 MM Shrapnel made in the United States, 1917; presented to Mr. F. A. Scott, Chairman, by members of the War Industries Board as a slight token of esteem and of appreciation of services rendered the Nation, April–October 1917.

would be the most acceptable testimonial the Board could present.

It was unanimously voted that the suggestion of the special committee be carried out.

Labor—Complaint of Newton Machine Works, Inc., of seduction of workers.—Relative to complaint received from the Newton Machine Works, Inc., dated November 8th to the effect that neighboring companies engaged in Government contracts on a cost plus percentage basis were hiring their mechanics from them by paying excessive wages, Mr. Frayne presented a proposed letter prepared under date of November 15th in answer to this complaint. The Board could see no reason why his letter should not be sent and it was accordingly so ordered.

Chemicals—Purchase of Smokeless Powder by French from Aetna Company.—Admiral Fletcher presented a communication

284 from the French High Commissioner dated November 14th and also one of November 3rd in connection with their desire to place certain orders for smokeless powder as listed with the Aetna Explosive Company.

Upon the advice of Admiral Fletcher and Col. Pierce, it was the decision of the Board that the French should be permitted to place these orders and it was ordered that the Priority Division, the Allied Purchasing Commission, the Ordnance Department of the Army and the Bureau of Ordnance of the Navy be advised of this action of the Board.

Essential Industries—Jackson Automobile Company—offer of plant.—Mr. Frayne presented a communication dated November 13th from the Jackson Automobile Company calling attention to the fact that because of a letting up in automobile business, a large part of their factory was now available for war work. It was ordered that this communication and all similar ones received having to do with the utilization of automobile plants for war purposes be referred until otherwise ordered to the Automotive Section of Mr. Brookings' Division.

Cantonment contractors—contractor for Columbia Base Hospital No. 1, New York City.—Col. Pierce presented a communication of November 14th from the Committee on Emergency Construction recommending that the Wm. Crawford Company, New York City, be awarded construction work at the Columbia Base Hospital No. 1, New York City, a recommendation having been requested by the Cantonment Division of the Quartermasters Corps.

285 Under the advice of Col. Pierce the Board approved of this recommendation.

Gun Carriages—Need for additional kiln capacity to produce Army Wagons.—Mr. Brookings presented a communication from the Quartermaster General dated November 13th, No. 451.7–R–General, calling attention to the necessity for additional dry-kiln capacity in the country to produce the required number of Army wagons and making certain recommendations as to the proper method to bring about this result.

Under the advice of Mr. Brookings and Col. Pierce, the Board approved of the recommendations of the Quartermaster General and ordered that he be so advised.

Price fixing—Federal Trade Commission desiring position of Board in connection with sending requests for costs at steel plants.—Mr. Baruch presented a communication from the Federal Trade Commission, dated November 15th, asking whether the War Industries Board had any objection to their asking steel and iron producers to furnish them with copies of all their cost sheets.

The Board could see no objection to their calling for all information that they might desire and felt that such action on their part will cause the Board no embarrassment.

Intelligence—Purchase of fuses in Switzerland.—Col. Pierce presented a communication from the Gun Division, Ordnance Department, dated November 14th together with correspondence from

286 the State Department under date of October 17th relative to the advisability of purchasing munition material in Switzerland. It was ordered that a communication be sent to the Chairman of the Council of National Defense enclosing a copy of the above letter from the Ordnance Department and with the expression of the Board that there does not appear to be any reason to doubt the correctness of their opinion.

Chemicals—Contract covering construction of ammonium nitrate plant at Mussel Shoals.—At this point Mr. McRoberts, Col. Joyce and Mr. L. L. Summers were invited into the meeting to discuss the terms of a proposed contract to be made by the Ordnance Department with the American Cyanimede Company for the construction of an ammonium nitrate plant at Mussel Shoals.

Certain changes in the terms of proposed contract were discussed and the Board agreed to recommend the adoption of this contract when including the changes as proposed by Col. Joyce.

Chemicals—Canadian capacity for smokeless powder.—Col. Pierce presented a communication from the Gun Division dated November 15th, no file number given, and November 16th GC 471.8872/23 giving figures showing that the full powder capacity in Canada was not now being utilized. It was ordered that these communications be referred to the special committee on explosives of the War Industries Board.

Chemicals—Aetna plant at Howard for smokeless powder.—Col. Pierce presented a communication from the Chief of

287 Ordnance dated November 16th stating that the Ordnance Department wished to use the Howard plant of the Aetna Explosive Company for the manufacture of smokeless powder to be at the rate of 1,000,000 pounds per month and which plant was now vacant.

It was stated that the Aetna Company refused to operate this plant unless they received an order at over 64¢ per pound which was 15¢ higher than the price being paid the Dupont Company. This was referred to Mr. Brookings with power to act.

The meeting adjourned at 12:45 P. M.

(Sgd.) H. P. BINGHAM, *Secretary.*

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THE WHITE HOUSE,
Washington, November 7, 1917.

MR. D. WILLARD,
Council of National Defense, Washington, D. C.

MY DEAR MR. WILLARD: I take pleasure in asking you to accept the office of Chairman of the War Industries Board.

The importance of the work to be done by the War Industries Board needs, of course, no statement from me as you have been associated through the Advisory Commission of the Council of National Defense with its activities from the first, and realize with me the importance of the task and its vital relation not only to our war preparation, but to the maintenance of a sound economic and industrial condition of the country during the war.

Cordially yours,

(signed) WOODROW WILSON.

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WASHINGTON, *November 19, 1917.*

HONORABLE WOODROW WILSON,
President United States of America,
White House, Washington, D. C.

MY DEAR MR. PRESIDENT:

Your letter of the 17th instant, requesting me to accept the office of Chairman of the War Industries Board, is received.

I appreciate the importance of the office which you have asked me to assume, and the very great responsibility which attaches thereto. However, since you ask me to serve, I feel that in a time like the present I must accept.

The knowledge which I have concerning the development of the War Industries Board as an agency of government, enables me to understand that the basis of its strength is the confidence and support of the President. I might perhaps venture to hope that I now have that confidence, and I trust I may feel assured of your support. The issues involved are so great and in a sense so terrible, that I wish this letter to be regarded not only as my acceptance of the office, but also as my resignation thereof, to be effective at any time when it may seem to you that the interests of our country will be served best by such action.

I am not unappreciative of the honor which you have done me in this connection, and I hardly need say that I shall make every effort possible to succeed.

Very respectfully and sincerely yours,

(Signed) DANIEL WILLARD.

288 Meeting of the War Industries Board held Wednesday, November 21, 1917, at 10:00 A. M., in Room 54, C. N. D. Building

Present: Mr. Daniel Willard, Chairman; Mr. B. M. Baruch; Mr. Brookings; Admiral Fletcher; Judge Lovett; Colonel Pierce; Mr. Bingham, Secretary.

Organization—Reading of the Minutes.—The minutes of the meeting held Friday, November 16th were read and approved.

Organization—Approval of minutes.—The minutes of from August 1st, 1917 to October 18th, 1917 were approved.

Organization—Formation of Department under the Director of the Council of National Defense for the handling of the supply of labor.—A communication from the Director of the Council of National Defense dated November 20th informing the Board that in pursuance to action of the Council of National Defense there was being formed under his direction a department to consider the supply of labor, was presented.

It was ordered that this communication be referred to Mr. Frayne for consideration and advice to the Board.

Shipping—Inability to ship to France.—A communica-
289 tion from Mr. S. M. Vauclain, Chairman of Committee on Production dated November 14th enclosing for the information of the Board communication from the High Commissioner of the French Republic in the United States dated November 9th calling attention to the fact that certain shells being manufactured by the Baltimore Locomotive Company must necessarily be held in warehouses on the coast due to lack of transportation facilities, was presented.

It was ordered that this be referred to Mr. Willard for consideration and advice in connection with the general question involved.

Shipping—Advisability of shipping war supplies to Russia.—Mr. Willard was asked to ascertain from the Secretary of State whether it was now deemed advisable to continue to ship war supplies and in particular locomotives to Russia and to advise the Board thereon.

Essential Industries—Formation of Departments.—Mr. Baruch presented a proposed resolution covering the establishment of a department under the War Industries Board for the purpose of considering the utilizing for war purposes of plants who, due to war conditions, are becoming idle. The proposed resolution was referred to Col. Pierce for consideration and advice to the Board at tomorrow's meeting.

Special Meeting with Sir Stephenson Kent.—The Secretary reported that, in accordance with the action of the Board, he had endeavored to secure a conference for the War Industries Board with Sir Stephenson Kent heading a British Mission to this country,

but that due to the fact that Sir Stephenson Kent had already returned to England, such meeting was now impossible.

290 *Special Meeting—Philadelphia Wood and Textile Association.*—Mr. Willard presented a communication from Mr. Tumulty, Secretary to the President, enclosing copy of a telegram received from the Committee of Price Control of the Philadelphia Wool and Textile Association, asking for a conference with the proper Governmental Department to consider the control of wool for the year 1918.

It was ordered that Friday, November 23rd, at 10 o'clock A. M. be set aside for such a conference and that the Committee of the Wool Association be asked to meet the Board at that time.

Labor—Complaint of D. Lovejoy & Son.—A communication from D. Lovejoy & Son dated November 13th complaining that the United States Cartridge Company was acquiring their employees by paying exorbitant wages, was presented together with suggestion from Mr. Frayne as to the action the Board might take in this matter. It was ordered that the D. Lovejoy Company be advised that the War Industries Board cannot be of assistance to them in this instance.

Commandeering—Report from Mr. Frayne as to his activities connected with question of goods in storage for nonenemy account.—A report from Mr. Frayne dated November 17th outlining his activities as connected with request of the Board that he handle for the Board the situation for foreign shipment to nonenemy countries and advising the Board that he had the matter in hand, was presented for the information of the Board.

291 *Steel—Furnace capacity to meet shell steel requirements.*—A report from Mr. Vauclain dated October 30th stating that there was a sufficient furnace capacity in the country to supply the requirements of shell steel for the United States and the nations associated with us in war, together with Mr. Replogle's endorsement of this report sent under date of November 16th, were brought to the attention of the Board, this report having been furnished the Board in connection with the offer of the Allegheny Steel Company to increase their furnace capacity at the expense of the Government.

It was ordered that Mr. Vauclain and Mr. Replogle be requested to inform the Board of their understanding of the amount of shell steel required by the United States and those nations associated with us in war, together with the known capacity of the country for this class of steel in order that this can be submitted to the War and Navy Departments for verification.

Precious Metals—Platinum—Notice of quantity in transit from Russia.—Admiral Fletcher presented a communication from the Bureau of Ordnance dated November 19th No. 30066/11 enclosing communication received from our forces operating in European waters advising of a quantity of platinum in transit to a private party in the United States and the possibility that the United States Government might need this material. This was referred to Mr. Baruch for attention.

Chemicals—Shortage of sulphuric acid.—Mr. Baruch
292 presented a communication from Mr. L. L. Summers of his Division dated November 21st calling attention to the extreme

shortage of sulphuric acid and recommending that sulphuric acid be only distributed through priority orders and that the Government should immediately undertake to construct acid plants and particularly those plants which will be required later for the production of smokeless powder. It was ordered that this be referred to the Explosives Committee for report at tomorrow's meeting.

Lumber—Price fixing.—Mr. Baruch presented a communication from R. H. Downman, Director of Lumber of his Division, dated November 20th recommending the approval of certain prices for lumber to be paid by the Government Departments, as per schedule which he attached.

Upon the recommendation of Mr. Baruch, the Board approved of the prices as contained in this list for a period up to December 10, 191[illegible], and it was ordered that in accordance with the request of Gen. I. W. Littell, the specific approval of the Secretary of War to these prices be secured.

Projectiles—Proposed contract for erection and operation of shell loading plants.—Mr. Brookings presented a communication from the Gun Division, Office of the Chief of Ordnance, War Department, dated November 17th No. GP 471/130 and communication from the same Division dated November 20th GP 471/132 having to do with proposed contract to be made with four concerns for the erection and operation of shell loading plants, and likewise attaching copy
293 of proposed contract.

Upon Mr. Brookings' recommendation the Board could see no reason why the contract should not be let as proposed provided it is understood that the 10% paid for plans, specifications, and construction covers everything but material and labor and local supervision, in other words the 10% is to cover any and all profit made by subcontractors in case any portion is subcontracted, and also that the maximum possible profit be limited to 15%.

Projectiles—Orders placed for machining 155 m/m common steel shells.—Mr. Brookings presented the following communications from the Gun Division, Office of the Chief of Ordnance, War Department, dated November 8th Nos. GP 471.16/1761, 1765, 1766, and 1788, notifying the War Industries Board of orders placed for machining 155 m/m common steel shells with J. J. Carrick, North American Motors Company, American Machine & Manufacturing Company and the American Car and Foundry Company.

It being understood that these orders had already been placed and that no action of the Board was desired, the communications were ordered received and placed on record.

Projectiles—Orders placed for machining and forging 155 m/m shells.—Mr. Brookings presented the following communications from the Gun Division, Office of the Chief of Ordnance, dated November 5th No. GP 471.16/1642 and November 7th No. GP 471.16/1757 notifying the War Industries Board of the placing of orders
294 for machining 155/m/m shells with the American Clay and Machinery Company at their Mansfield plant and their Chicago plant.

Mr. Brookings similarly presented communications from the Gun Division, Office of the Chief of Ordnance, War Department, dated November 5th and November 7th Nos. GP 471.16/1756, GP 471.16/1750, and GP 471.16/1757 notifying the Board of the placing of orders for forging 155 m/m common steel shells with the American Steel Foundries Company, the Curtis & Company Manufacturing Company, and the Standard Forging Company.

Since it was understood that these orders had already been placed and that no action of the Board was desired, it was ordered that these communications be received and placed on record.

Chemicals—Proposed contract with Aetna Explosives Company for powder to be manufactured at their Howard Emporium plant.—Mr. Brookings presented a communication from the Gun Division, Office of the Chief of Ordnance, War Department, dated November 16th No. OO.GP 471.5/694 attaching copy of an arrangement proposed with the Aetna Explosives Company for the manufacture of 12,000,000 pounds of smokeless powder at their Howard Emporium plant and asking whether the War Industries Board could see any reason why an order should not be placed on the terms outlined.

Upon the advice of Mr. Brookings it was the decision of the Board that since the powder cannot be had within the same period of time from any other source and appreciating the emergency nature
295 of the proposed contract with the Aetna Company that no objection can be seen to closing the contract as proposed with the proviso that in event on completion of the contract the Aetna Company is found to have made a profit in excess of 8¢ per pound, such excess of 8¢ shall be returned to the Government, the profit to be ascertained in the usual manner pursued by the Ordnance Department.

Gun Carriages—Proposed order for 9.5 Howitzer recoil mechanisms with Otis Elevator Company.—Mr. Brookings presented a communication from the Carriage Division, Office of the Chief of Ordnance, War Department, dated November 14th No. CF (36) 473.824 asking whether the War Industries Board could see any reason why an order should not be placed for 894—9.5 Howitzer recoil mechanisms with the Otis Elevator Company on terms stated.

Under the advice of Mr. Brookings it was ordered that the Carriage Division be informed that the Board can see no reason why the order as contemplated should not be placed.

Optical Glass—Order for panoramic sights and aiming circles with Recording and Computing Machines Company.—Mr. Brookings presented a communication from the Carriage Division, Office of the Chief of Ordnance, War Department, dated November 9th No. CF (6) 473.854 asking the views of the Board as to the placing of 4,000 panoramic sights and 2,000 aiming circles with the Recording and Computing Machines Company on terms stated.

It was the decision of the Board that since the War Indus-
296 tries Board had already approved the prices quoted on previous orders for similar material and since no reason for not placing the order could be found, the order be approved.

Commandeering—Goods in storage for nonenemy account.—Judge Lovett called attention to certain rulings of the Judge Advocate General as brought to the attention of the Secretary of War and referred to this Board for information by the Secretary, having to do with the legal status of the Government should it be desired to commandeer goods in storage for nonenemy account, whereupon it

was moved and carried that the views of the War Industries Board be expressed to the Secretary of War in that based on the Judge Advocate General's opinion, the Board was in favor of seizing such property should such seizure be found to be of advantage in carrying on the war.

The meeting adjourned at 1:00 p. m.

(sgd.) H. P. BINGHAM, *Secretary.*

297 **Meeting of the War Industries Board held Thursday, November 22, 1917, at 10:00 A. M., in Room 54, C. N. D. Building**

Present: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary.

Organization—Reading of minutes.—The minutes of the meeting held Wednesday, November 21st, were read and approved.

Shipping—Advisability of shipping war supplies to Russia.—Mr. Willard reported that he had interviewed the Secretary of State relative to the advisability of continuing to ship war supplies to Russia and that the Secretary of State had said that there was no change in the Russian situation to warrant the curtailment of the program as connected with Russia.

Priority—Materials for construction of locomotives.—Judge Lovett requested the judgment of the Board as regards the proper priority rating for materials entering into the construction of locomotives. It was the opinion of the Board that this material should be on the same basis as material entering into the construction of munitions.

298 *Commandeering—Land.*—The Secretary was instructed to ascertain from the Legal Section what the status of the Government is as regards the condemning of land and, should it be found that the Government has not that right, to ask the Legal Section to frame legislation making such action by the Government possible and to submit such proposed law to the Board.

Coal—Need for action to supply munition plants.—Judge Lovett brought to the attention of the Board the serious condition numerous munitions plants were in, due to lack of coal and the apparent lack of constructive action by the Fuel Administrator to remedy this condition. The Board concurred in Judge Lovett's opinion that if the Fuel Administrator did not promptly take care of this matter, the Priority Division should issue the necessary rulings to bring about the desired result.

Priority—Seventy Locomotives for British for use in Mesopotamia.—Judge Lovett reported for the information of the Board that the Secretary of War had given his consent to the giving of priority to the request of the British Government that seventy locomotives for use in Mesopotamia be built at once at the plant of the Baldwin Locomotive Company. He reported that this would delay the program for locomotives for our overseas forces two weeks.

Price fixing—Copper and steel prior to January 1st, 1918.—Judge Lovett brought to the attention of the Board the fact that the Board was committee to reconsider price fixed for copper

299 and certain steel items prior to January 1st, whereupon Mr. Willard was requested to ask the Federal Trade Commission to present to the Board on December 1st the latest information they have on the cost of producing these materials in the United States, and likewise that they be asked to include in their data a statement showing the actual profit made by the leading companies in these two industries up to as late a date prior to December 1st as possible.

Price fixing—Complaint of L. Vogelstein & Company of loss due to price fixing.—Judge Lovett presented a communication from Reeves & Todd dated November 15th, Attorneys for L. Vogelstein & Company, Inc., bringing to the attention of the Board certain losses they had experienced occasioned by the price fixed for copper and asking that the Government assume the loss.

It was the decision of the Board that no basis upon which the Board can give them relief is known, and it was ordered that they be so notified.

Chemicals—Shortage of sulphuric acid.—Admiral Fletcher reported for the special explosive committee on the question referred to them on November 21st relative to the shortage of sulphuric acid, saying that the Explosive Committee will report on this matter in connection with the general subject of explosives at some near future date.

Organization—Essential Industries—Resolution forming section to consider manufacturing facilities.—The following

300 resolution to cover the formation of a section of the Board to consider the utilization of manufacturing facilities for war purposes was presented, seconded, and unanimously adopted:

Resolved, That the War Industries Board appoint a representative to hear all manufacturers who desire to devote their plants to the production of munitions or other materials required by the Government or the Allies and consider to what extent such plants may or should be utilized for such purposes or otherwise be employed advantageously, and advise the Board in the premises. Such representative shall select such assistants as shall be approved by the Chairman of the Board.

For efficiency in organization it was ordered that the representative appointed should report to the War Industries Board through the Chairman of the Board. Col. Pierce expressed his opinion to the effect that it would be advisable for the man appointed to keep in extremely close contact with the Clearance Committee.

Organization—Securing of traffic expert.—The Board confirmed Mr. Willard's suggestion that he obtain the services of a traffic expert to advise the War Industries Board on such matters.

301 It was understood that the man secured will report to the War Industries Board through the Chairman.

Chemicals—Nitrate Supply.—Mr. Baruch brought to the attention of the Board the need for prompt and definite action to secure an increase in the supply of nitrate in the United States. He recommended that the War Industries Board recommend to the Department of Agriculture, the War Department, and the Navy Department that additional plants for nitrate fixation be constructed with-

out delay. The Explosive Committee, in consultation with Mr. Baruch, was asked to prepare a formal motion to cover the suggested action of the Board.

Chemicals—Pyrites and platinum no longer under jurisdiction of Raw Materials Division.—Mr. Baruch called the board's attention to the fact that the handling of the supply of pyrites and platinum has been removed from the jurisdiction of the War Industries Board and has been taken over by the Governmental Departments and called attention to the need for these materials in the manufacture of explosives.

Trucks—Order for batteries for Model B 3-ton standard army trucks.—Mr. Brookings presented a communication from the Quartermaster General dated November 12th No. 451.2–T asking the approval of certain contracts for batteries for Model B 3-ton Standard Army Truck to concerns listed and on terms stated.

Upon the recommendation of Mr. Brookings, the Board approved of the contracts as suggested.

302 *Projectiles—Order for proof shot.*—Mr. Brookings presented a communication from the Gun Division, Office of the Chief of Ordnance, War Department, dated November 9th, No. GP 471 3/100, asking whether the War Industries Board could see any reason why order for various sizes of proof shot, as listed, should not be placed with the Tredegar Company, the terms to be determined later.

Under the advice of Mr. Brookings, the Board could see no reason why the order should not be given as stated.

The meeting adjourned at 12:30 P. M.

Signed H. P. BINGHAM,
Secretary.

303 **Meeting of the War Industries Board held Friday, November 23, 1917, at 10:00 A. M., in Room 54, C. N. D. Building**

Present: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary.

Organization—Reading of the minutes.—The minutes of the meeting held Thursday, November 22nd, at 10 o'clock A. M. were read and approved, subject to the substitution of an amended motion to take place of the resolution having to do with the formation of a section of the War Industries Board to deal with the utilization of manufacturing facilities.

Special Meeting—Committee of Price Control—Philadelphia Wool and Textile Association.—At this point the following Committee of Price Control of the Philadelphia Wool and Textile Association were invited into the meeting: Charles J. Webb, Chairman Wool Committee, 116 Chestnut Street; William H. Folwell, Folwell Bros. & Co., 625 Chestnut Street; G. Winthrop Coffin, Coffin and Gilmore, 1428 S. Front Street; John Fisher, Yewdall and Jones, 540 Poplar Street; A. C. Bigelow, President Wool and Textile Assn., Philadelphia, Pa.; and also Mr. Julius Rosenwald and Mr. Charles
304 Eiseman of the Supplies Committee and Mr. A. W. Shaw of the Commercial Economy Board.

The Committee submitted to the Board certain suggestions as to the fixing of a maximum price for wool and drawing attention to the need of such regulation, which suggestions were taken under consideration by the Board.

Chemicals—Report from Explosives Committee recommending extension of present facilities for manufacture of explosives and ingredients thereof.—Admiral Fletcher presented report dated November 22nd from the Explosives Committee prepared in consultation with Mr. Baruch making certain definite recommendations for the increasing of existing facilities for the manufacture of explosives and the ingredients thereof. This report was approved by the Board subject to certain amendments and was ordered transmitted to the Secretary of War and the Secretary of the Navy for their consideration.

Niagara Power—Report from Mr. R. J. Bulkley.—A report from Mr. R. J. Bulkley, representative of the Secretary of War, in the matter of negotiations with the Canadian authorities for the regulation of power at Niagara Falls dated November 22nd, was presented. This was referred to Mr. Baruch, for report to the Board.

Labor—Communication from Mr. Frayne covering progress of convention of the American Federation of Labor at Buffalo.—A communication from Mr. Frayne dated November 21st sent from Buffalo where he was attending the convention of the American Federation of Labor and informing the Board of the attitude of the Ameri-
305 can Federation of Labor in connection with the carrying on of the war, was read.

It was ordered that Mr. Frayne be notified of the earnest appreciation of the Board for his thoughtfulness in sending this communication and their feeling of gratification at the position of labor as outlined by him.

Organization—Notice to Governmental Departments of activities of War Industries Board.—A communication from Col. Pierce dated November 22nd attaching letter from the Chairman of the Clearance Committee asking that the various Governmental Purchasing Departments be notified as to the activites of the War Industries Board, was presented and it was ordered that the Secretary prepare such a notice and forward it to the interested Departments.

The meeting adjourned at 12:30 P. M.

(Sgd.) H. P. BINGHAM, *Secretary.*

306 **Special Meeting of the War Industries Board held Monday, November 26, 1917, at 11:00 A. M., at Room 54, C. N. D. Building**

Present: The Secretary of War. The War Industries Board: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary; also Major General William Crozier, Major General John Biddle.

Special Meeting—Contract for powder—increase DuPont Capacity.—The Secretary of War brought to the attention of the Board the proposed contract with the DuPont Company for the increasing of the powder-making capacity for the Government. He said that he had also consulted Mr. E. G. Graham and The Thompson-Star-

retl Company with a view of obtaining their services to build the necessary powder-making facilities for the Government and had received a proposition from them which he submitted.

After full consideration a communication was prepared to
307 the Secretary of War, expressing the decision of the Board in this matter and which, after being unanimously approved, was ordered sent, and is as follows:

NOVEMBER 26, 1917.

HON NEWTON D. BAKER,
Secretary of War.

DEAR SIR: After considerable deliberation and discussion of the two proposals for the erection of a powder plant, we have concluded that there is much technical expert service to be rendered in the construction and equipment of this plant not fully covered in the Graham-Sterritt proposition. We are of the further opinion that the emergency nature of the case requires that the proposed plant be constructed in the least possible time and operated with the greatest efficiency and based upon the best evidence we have—which is that of demonstration—it is our opinion that the Dupont people are in every way the best fitted for securing this result.

Inasmuch, however, as we have so far been unable to agree with the Duponts as to what would be fair compensation for the erection and operation of the plant, we recommend that you invite the responsible heads of the Dupont Company to meet you at your office and that you say to them that the emergency nature of the Government needs is such that you must insist upon their taking hold of the project without further delay, and, as the Government's agent, proceed to construct, organize, and operate the plants, aggregating approximately 1,000,000 lbs. capacity per day, in the shortest time possible, the Government to pay every dollar of expense connected therewith, as the work progresses: that inasmuch as we have not agreed as to what would be fair compensation for their services, both in the erection and operation of the plant, and inasmuch as they must of course be willing to
308 accept fair compensation for their services, and the Government being perfectly willing to pay fair compensation.

Now, therefore, the Government proposes to pay them $1,000,000 in advance on account of the net profit or compensation to them over and above all cost of construction and operation and that pending the completion of the contract—i. e., 18 months after the first unit is ready for operation—the Government, through the Secretary of War, will endeavor to negotiate with them from time to time as to what, if any, additional compensation they should fairly receive for their services, and on the completion of the contract, if the DuPont Company and the Secretary of War have not been able to agree upon such sum, then the matter shall be left to the usual form of arbitration—that is, each party to select one arbitrator and the two so selected to agree upon a third, the findings of the two of these three to be binding upon both interested parties.

I may add that this recommendation of the War Industries Board is unanimous.

Respectfully submitted.

(Signed) DANIEL WILLARD, *Chairman.*

Organization—Meeting of the Board, Wednesday, November 28th.—The next regular meeting of the Board was ordered held at 10:00 o'clock A. M. on Wednesday, November 28th.

The meeting adjourned at 3:00 o'clock P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

309 **Meeting of the War Industries Board held Wednesday, November 28, 1917, at 10:00 A. M., at Room 54, C. N. D. Building**

Present: Judge Lovett, Acting Chairman; Mr. Brookings; Admiral Fletcher; Colonel Pierce; Mr. Bingham, Secretary.

Organization—Reading of Minutes.—The minutes of the meeting held Friday, November 23rd, were read and approved. The minutes of the Special Meeting held Monday, November 26, 1917, were read, amended, and approved as amended.

Steel—Shell steel capacity of the United States.—A communication dated November 27th from Mr. Vauclain, Chairman Committee on Production, relative to the shell steel capacity of the United States and the requirements of the United States and the nations associated with us in war for this material, was read and referred to Colonel Pierce for further consideration and advice to the board.

Allies co-operation—Condition of Canadian facilities for manufacture of war materials.—A communication from the British
310 War Mission dated November 24th, having to do with conditions in Canada as connected with their manufacture of war materials was presented and referred to Mr. Brookings for consideration and advice to the Board.

Price Fixing—Cotton Canvas.—A communication from Paymaster General McGowen, dated November 17th, 1917, No. 302–113 relative to the fixing of a price for the government's requirements for cotton duck, was presented and referred to Mr. Brookings for advice to the Board.

Organization—Central Certification of Gauges.—A communication from Colonel Pierce, dated November 23rd, attaching various correspondence relative to the central certification of gauges and particularly communication of October 8th from the American Society of Mechanical Engineers was presented. It was ordered that the association be advised of the Ordnance Department's opinion covering this subject, as expressed in their communication of November 21st, and which opinion was concurred in by the Board.

Price fixing—Applying to purchases by American Railroad Company of Porto Rico.—A communication from the American Rail-
road Company of Porto Rico, dated November 20th, inquiring
311 as to whether the prices for certain commodities as arranged by the War Industries Board would apply to purchases made by the Company in the United States. It was the decision of the Board that the prices as arranged apply to the purchases of that company and it was ordered that they be so advised.

Artillery Forgings—Order for one-pounder gun forgings with Pollak Steel Company.—Mr. Brookings presented a communication of the Bureau of Ordnance, Navy Department, dated November 10th, asking the approval of the Board of a proposed contract with the Pollak Steel Company for 500 one-pounder gun forgings on terms as stated. Upon the advice of Mr. Brookings the Board approved of the proposed order.

Artillery Forgings—Order for machining 500 one-pounder guns with Root & VanDervoort Engineering Company.—Mr. Brookings

presented a communication from the Bureau of Ordnance, dated November 23rd, asking the approval of the Board of a proposed order with the Root & VanDervoort Engineering Company for the machining of 500 one-pounder guns on terms stated. Upon the advice of Mr. Brookings the Board approved of this order.

Trucks—Orders for Odometers with H. W. Johns-Manville Company and Stewart-Warner Speedometer Corporation.—Mr. Brookings presented a communication from the Quartermaster General, dated November 15th, No. 451.2–T, asking the favorable action of the Board on proposed contracts for 12,000 Odometers with the H. W. Johns-Manville Company and the Stewart-Warner Speed-
312 ometer Corporation as outlined and on terms stated. Under the advice of Mr. Brookings the Board could see no reason why the orders as given should not be placed.

Artillery Forgings—Order for 15,000,000 pounds gun forgings with United States Steel Corporation.—Mr. Brookings presented a proposition which had been informally presented to him for the Board's approval by Major Jamieson of the Cannon Section, Gun Division, of the Ordnance Department, covering a proposed contract with the United States Steel Corporation for 15,000,000 pounds gun forgings as outlined and on terms given. Under the advice of Mr. Brookings the Board approved of the proposed arrangement.

Gun carriages—Order for artillery wheels with the Studebaker Corporation.—Mr. Brookings presented a communication from the Carriage Division office of Chief of Ordnance, dated November 23rd, No 473.817/304, asking whether the Board could see any reason why an order for 43,700 artillery wheels as outlined and on terms stated should not be placed with the Studebaker Corporation. Under the advice of Mr. Brookings the Board could see no reason why the order as given should not be placed, when including the condition that all facilities paid for by the United States Government under this contract will remain the property of the Government.

313 *Trucks—Order for three-ton trucks with Premier Motor Corporation and the Mitchells Motor Company.*—Mr. Brookings presented a communication from the Carriage Division, Office of the Chief of Ordnance, dated November 6th, No. 451.21/251, asking the opinion of the Board as to the proposed placing of an order for 5,500 three-ton trucks with the Premier Motor Corporation and the Mitchells Motor Company as outlined and on terms stated. Under the advice of Mr. Brookings the Board approved of the placing of these orders.

Projectiles—Order for waterproof fiber containers with American Can Company.—Mr. Brookings presented a communication from the Purchase Section, Gun Division, Ordnance Department, dated November 20th, No. GP 471.87/89, asking whether the Board could see any reason why an order for 15,000,000 waterproof fiber containers for 75 millimeter complete rounds should not be placed with the American Can Company as outlined and on terms stated. Under the advice of Mr. Brookings the Board could see no reason why the order as given should not be placed.

Small arms—Order for drop bombs with Marlin-Rockwell Corporation.—Mr. Brookings presented a communication from the Purchase Section, Gun Division of the Ordnance Department, dated November 24th, No. GP 471.62/163 asking whether the Board could

314 see any reason why an order for 70,000 high capacity drop bombs mark II as outlined and on terms stated should not be placed with the Marlin-Rockwell Corporation. Under the advice of Mr. Brookings the Board could see no reason why the order as given should not be approved.

Chemicals—Construction of sulphuric acid plants.—Relative to the shortage of sulphuric acid brought to the attention of the Board, particularly by Mr. L. L. Summer's communication of November 21st, Admiral Fletcher presented recommendation of the Special Explosives Committee of the Board recommending that the Board suggest to the Secretaries of War and Navy that immediate steps be taken by their Departments to create additional facilities for the manufacture of sulphuric acid and that there be detailed from each of their Departments an officer to work in conjunction with Mr. L. L. Summers of the Raw Material Division on this and similar projects. The Board approved of the recommendation of that Committee and ordered that such action be carried out, over the signature of the Chairman.

Chemicals—Utilization of powder making facilities in Canada.—Supplementing action of the Board taken November 15th relating to request of the British War Mission, dated November 8th, that their allotment of nitrocellulose powder for November and December 1918 deliveries be increased. Admiral Fletcher recom-
315 mended that the British War Mission be advised that no further action will be taken to increase the British allotment of powder from the Du Pont Company until a reply be received to question raised relative to their increasing such output in Canada. This recommendation was approved and ordered carried out.

Chemicals—High cost of mining explosives.—Admiral Fletcher presented report from the Special Explosives Committee of the Board, dated November 8th, relative to the high cost of explosives for mining operations as brought to the attention of the Board by communication from the Coal Operators Association of the Thick Vein Freeport Seam of Pennsylvania and the District No. 5 United Mine Workers of America in their communication of October 18th, and October 15th respectively, addressed to the President and referred to this Board for attention. Upon the recommendation of the Explosives Committee it was ordered that these associations be informed that after investigation it has been found that the high cost of explosives is due to the high cost of the ingredients thereof, and that governmental action is being taken to increase the production of these ingredients which, it is thought, will necessarily reduce their costs.

Cantonment Contractors—Recommendation of contractors to undertake work for the Cantonment Division of Quartermaster Corps.—Col. Pierce presented a recommendation from the Committee on Emergency Construction, upon solicitation of the
316 Cantonments Division of the Quartermaster Corps, dated November 23rd, recommending the Austin Company to undertake construction work for storehouses and supply depot at Pittsburgh, Pennsylvania. It being understood that the contract for this work had already been placed it was ordered that the Cantonments Division be advised that the contract has been noted and that, therefore, no action of the Board is felt to be desired.

Cantonment contractors—Recommendation of contractors to undertake work for construction division of the Signal Corps.—Colonel Pierce presented the following recommendations of contractors from the Committee on Emergency Construction presented upon the solicitation of the Construction Division of the Signal Corps to undertake work as given below:

1. J. G. White Engineer Corporation—two single-unit aviation training camps near Arcadia, Florida.
2. James Alexander Construction Company—single-unit aviation training camp near Montgomery, Alabama.
3. Thomas-Harmon Company—single-unit aviation training camp at San Antonio, Texas.
4. Stewart-McGehee Construction Company—single-unit aviation training camp at Lonoke, Arkansas.

Under the advice of Colonel Pierce the Board approved of these recommendations.

Chemicals—Proposed contracts with the Barrett-Haywood Company for construction of ten Toluol recovery plants.—Colonel
317 Pierce presented a communication of the Purchase Section, Gun Division, Ordnance Department, dated November 24th, No. GP 471.8503/176, asking whether the Board could see any reason why contracts for the construction of ten Toluol recovery plants as outlined and on terms stated should not be placed with the Barrett-Haywood Company. Under the advice of Colonel Pierce the Board could see no reason why the orders as given should not be placed.

Copper—Condition because of price fixed.—Judge Lovett presented a communication from William A. Clark, dated November 21st, in connection with the copper market as result of the price fixed for copper. It was ordered that this communication be sent to Mr. Baruch for his attention.

Legislation—Proposed bill to permit Government to acquire real estate.—Judge Lovett presented a proposed bill prepared by the Legal Department of the Board, to permit the Government to acquire property, whether real or personal, for the nation's defense and security and for other purposes. This proposed bill was approved by the Board and ordered transmitted to the Chairman of the Council of National Defense over the signature of the Chairman of the Board.

The meeting adjourned at 12:15 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

318 **Meeting of the War Industries Board held Friday, November 30, 1917, at 10:00 A. M., at Room 54, C. N. D. Building**

Present: Mr. Willard, Chairman; Mr. Brookings; Admiral Fletcher; Judge Lovett; Mr. Bingham, Secretary.

Organization—Reading of the Minutes.—The minutes of the meeting held Wednesday, November 28th, at 10:00 o'clock A. M., were read and approved.

Organization—Cooperation of Chamber of Commerce of the United States.—Mr. Willard reported, for the information of the Board, that he had held several conferences with the Chamber of Commerce of the United States, and that as a result of such conferences the Chamber of Commerce had agreed to drop their intended action to secure Congressional action appointing a central purchasing body for the Government and that they now will support the present organizations.

Trucks—Order for six-horse reels with J. G. Brill
319 *Company.*—Mr. Brookings presented communication from the Carriage Division, Ordnance Department, dated November 27th, No. CF 473.863(386)/2, asking whether the Board knew of any reason why proposed order for 1,296 six-horse reels, 1909 M. I. and carts M. 1918 with the J. G. Brill Company on terms given should not be placed. Under the advice of Mr. Brookings the Board could see no reason why the order as given should not be placed.

Projectiles—Orders for 4.7 to 9.5 Common Steel Shells.—Mr. Brookings presented communication from the Purchase Section, Gun Division, Ordnance Department, dated November 22nd, Nos. GP 471.1/242 and GP 471.1/243, asking whether the Board knew of any reason why orders for forgings for 4.7, 6-inch, 8-inch, 9.5-inch, Common Steel Shell and orders for machining same should not be placed with firms mentioned and on terms stated. Under the advice of Mr. Brookings the Board, from evidences submitted and in view of the emergency nature of this matter, and because of the great delay already experienced in placing these orders, could see no reason why the orders as outlined should not be placed.

Organization—Approval of shell contracts by Production Committee of the Ordnance Department.—Mr. Brookings presented a communication from Mr. Vauclain, Chairman, Committee on Pro-
320 duction calling attention to the desirability for the Production Committee of the Ordnance Department, passing on contracts for shells having in view the securing of shells in time to meet the military needs. Such action was deemed advisable by the Board, and it was ordered that it be ascertained whether, inasmuch as the Ordnance Department has established a Production Committee, it is the intention of the Department to have that Committee satisfy itself as to the ability of a company about to receive a shell contract to produce the material as agreed.

Gun Carriages—Order for artillery wheels with the International Harvester Company.—Mr. Brookings presented a communication from the Carriage Division, Ordnance Department, dated November 19th, No. 0.0473.817/295 asking whether the War Industries Board knew of any reason why orders for artillery wheels as listed should not be placed with the International Harvester Company on terms stated. Under the advice of Mr. Brookings the Board could see no reason why the orders as outlined should not be placed.

Cantonment Contractors—Recommendation of contractor to undertake construction work for Signal Corps.—A recommendation from the Committee on Emergency Construction, dated November 27th, made upon the solicitation of the Construction Division of the Signal Corps recommending that Frank Hill Smith, Dayton.
321 Ohio, be given contract to construct manufacturing plant for Wright-Dayton Aeroplane Company, Dayton, Ohio, was presented. This recommendation approved by Col. Pierce was approved by the Board and ordered transmitted to that department.

Cantonment contractors—Recommendation of contractors to undertake work for Cantonment Division of the Quartermaster Corps.—The following recommendation of contractors from the Committee on Emergency Construction, dated November 27th, presented upon the solicitation of the Cantonment Division of the Quartermaster Corps, to undertake work as given below, were presented:

1. Gray Construction Company, Kansas City, Missouri—Barracks at Ft. Leavenworth, Kansas.
2. Bryce Building Company, Ft. Worth, Texas—Building at Ft. Worth Texas.
3. Charles Weitz Sons, Des Moines, Iowa—Hospital at Ft. Des Moines, Iowa.

These recommendations approved by Col. Pierce were approved by the Board and ordered transmitted to the Cantonment Division.

Gun Carriages—Order for escort wagons and carts.—Mr. Brookings presented a request from the Quartermaster General asking whether the Board knew of any reason why orders for 71,084 escort wagons, 12,000 ration carts, and 12,000 drinking-water carts should
not be placed as outlined, and on terms stated. This was
322 referred to Mr. Brookings with power to act.

Priority—Shipment of coal.—Judge Lovett read, for the information of the Board, request received from Mr. Garfield, Fuel Administrator, asking that he issue a priority order covering the shipment of coal through certain districts. He likewise informed the Board of his refusal to, at this time, issue such orders and the reasons therefor.

Steel—Regulation of wolfram.—Judge Lovett presented a communication received from the State Department having to do with the regulation of the supply and shipment of wolfram. This was referred to Mr. Willard for investigation and suggestion.

The meeting adjourned at 12:25 P. M.

(Sgd.) H. P. BINGHAM, *Secretary.*

323 **Special Meeting of the War Industries Board held Monday, December 3, 1917, at 3:00 P. M., Room 54, C. N. D. Building**

Present: The Secretary of War. The War Industries Board: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Judge Lovett; Mr. Bingham, Secretary. Also Major General William Crozier.

Special Meeting—Increase Powder Facilities.—The Secretary of War informed the Board that the Du Pont Company has refused to undertake the building of the proposed powder plant on any other terms than those contained in their last proposition, except for a minor change which was considered to have little or no effect on the favorableness of the proposed arrangement. The opinions of the
various members of the Board were expressed as to the advis-
324 ability of giving the building of such a plant into other hands.

The Secretary of War having taken these opinions under consideration, the meeting adjourned at 4:35 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

325 **Meeting of the War Industries Board held Wednesday, December 5, 1917, at 10:00 A. M., at Room 54, C. N. D. Building**

Present: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary.

Organization—Reading of the Minutes.—The Minutes of the meeting held Friday, November 30th at 10:00 o'clock A. M., also Minutes of Special Meeting held Monday, December 3rd at 3:00 o'clock P. M. were read and approved.

Price Fixing—Cost data from Federal Trade Commission.—A communication dated November 30th from the Federal Trade Commission, advising of their inability to lay before the Board in comprehensive form before December 15th the cost data covering iron and steel items asked for by the Board and to be submitted by December
1st, was read for the information of the Board. It was felt to
326 be advisable to hold a conference with representatives of the
Steel Industry prior to December 15th, accordingly Monday, December 10th at 12:00 o'clock noon was set aside for such a meeting and it was ordered that a notice of this intended meeting be made public and that the President of the American Iron & Steel Institute be asked to secure the presence of the Committee on Steel and Steel products of the Institute, and such other producers of iron ore, coke, iron, steel and steel products as might be expedient.

Copper—Price fixing.—The need for holding a conference with the Copper Producers to consider what, if any, revision of prices should be made subsequent to January 21st, in accordance with terms of the agreement entered into September 21st, 1917, was considered and it was ordered that a conference be arranged with the Copper Producers for Friday, December 14th, at 10:00 o'clock A. M.

Price Fixing—Lumber.—After consideration of the advisability of the fixing of a price for lumber for the public in accordance with the President's wishes, the following letter was prepared and ordered
sent to the President:

327 DECEMBER, 7, 1917.

The President,
The White House.

MY DEAR MR. PRESIDENT: I am directed by the War Industries Board to say to you that we are advised that there is now no law authorizing the fixing of prices for the public or the Allies on lumber and no means of compelling obedience to such prices if disregarded. The prices imposed upon the steel manufacturers and copper producers, if resisted, could have been enforced by seizing the mines and factories under power conferred upon the President and upon the Secretary of War and the Secretary of the Navy in certain Appropriation Acts; and the existence of this power was sufficient to compel obedience to prices without exercising the power. But it is obviously impossible for the Government to seize and manage lumber mills, forests, etc. The Board therefore feels that it should not undertake to fix the prices of lumber and like products of industries which it is impracticable for the Government itself to take over and operate, because if such prices should be disregarded when there is no law providing penalties or other means for enforcing obedience to the order, the result would be to discredit the whole price-fixing program. In short, we think it wise to fix prices only in those cases where there is some means, direct or indirect, of compelling obedience.

For these reasons we are not submitting for your approval prices to be charged the public on lumber.

This situation has led the War Industries Board to make a report to the Council of National Defense (which if approved may reach you) recommending legislation investing the President with power through such Agencies as he may select to fix prices during the period of the war on such articles and commodities as he may deem necessary.

Very respectfully,

(Signed) DANIEL WILLARD, *Chairman.*

Inc.

328 *Organization—Authority of decision of matters of the Board.*—It was duly moved and unanimously carried that if, in the carrying out of the work of his division, a question is submitted to a member the responsibility for the decision of which cannot be assumed by the member and if a delay would be occasioned by the necessity of holding up action until a regular meeting of the Board, the Chairman, or if he is not available, another member may call a Special meeting of the Board and secure immediate action, those attending such meeting acting for the Board as a whole.

Trucks—Order for Radiator Guards, and etc., for Standard Army Motor Trucks.—Mr. Brookings presented a communication from the Quartermaster General, dated November 22nd, No. 451.2–T asking whether the Board could see any reason why orders for radiator guards, reach rod assemblies, sprag assemblies, and crank assemblies for Model "B" 3-ton Standard Army Motor Trucks, should not be placed with concerns listed and on terms given. Under the advice of Mr. Brookings the Board could see no reason why the orders as given should not be placed.

Small Arms—Order for three-inch Stokes Trench Mortar Shell.—Mr. Brookings presented a communication from the Purchase Section, Gun Division, Office of the Chief of Ordnance, dated November 15th No. 426–578–G and one of November 22nd No. 426–

329 578–G asking whether the Board knew of any reason why orders for a quantity of three-inch Stokes Trench Mortar Shell as given should not be placed with concerns listed and likewise whether the Board knew any reason why tubing for these mortars should not be placed with concerns given. Under the advice of Mr. Brookings, and inasmuch as the price was not questioned, but only the allotment of these orders, and since the allotment of tubing has been accomplished by the Director of Steel Supply of this Board, no reason could be found why the orders should not be placed as arranged.

Price Fixing—Letter from E. H. Gary relative to fixing price for hardware.—Mr. Brookings presented a communication from E. H. Gary dated December 3rd asking the Board to consider the fixing of maximum prices for certain iron and steel items such as tacks, machine screws, picks, and etc. It was ordered that reply be made to the effect that it is the Board's present policy not to fix prices for articles of such a degree of refinement, but rather that the prices for such items as given should be fixed by competition and not by governmental action, but also that it was possible that such action might be taken in certain of these articles which the Government may buy.

Steel—Assistance desired by A. J. Rhodes in building a

330 *west coast steel plant.*—Mr. Brookings presented a wire from A. J. Rhodes, President of the Seattle Chamber of Commerce and Commercial Club, asking Government assistance in the building of blast furnaces and steel plants at Puget Sound. It was ordered that he be notified that, taking all circumstances into consideration, the Board does not feel justified at this time to advise the Government to advance any funds for such purposes.

Steel—Regulation of Wolfram.—Mr. Baruch made certain recommendation as to the handling of a communication received from the State Department having to do with the regulation of the supply and shipment of wolfram and other materials mentioned. This matter was referred to Mr. Baruch with power.

Lumber—Supervision of all Government Purchases of Lumber by the Director of Lumber.—Mr. Baruch presented a communication dated November 26th from the Director of Lumber recommending that the Lumber Section, under the control of the Raw Materials Division, have supervision over all purchases of lumber for all Departments of the Government and asking that an order be issued from the proper authorities to all Departments to this effect. The Board approved of this recommendation and Mr. Willard was instructed to secure the issuance of such orders from the Secretary of War and the Secretary of the Navy and the Chairman of the Shipping Board.

331 *Organization—Formation of a Box Section.*—Upon the recommendation of Mr. Baruch based on communication from the Director of Lumber, dated December 4th, the Board approved of the formation of a Box Section under the Raw Materials Division to study the methods in effect in the various Government Departments to eliminate, if possible, the great variety of boxes required; to standardize the grades and species of lumber specified for use in the manufacture of these boxes; and to assist the departments in every way to secure boxes as cheaply and promptly as possible.

Niagara Power.—Mr. Baruch reported for the information of the Board that Judge Parker had the whole subject of Niagara power in hand.

The Meeting adjourned at 1:00 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

332 Meeting of the War Industries Board held Thursday, December 6, 1917, at 10:00 A. M., at Room 54, C. N. D. Building

Present: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary.

Organization—Reading of the Minutes.—The Minutes of the meeting held Wednesday, December 5th, at 10:00 o'clock A. M., were read and approved.

Organization—Production Committee, Ordnance Department.—A communication from Colonel Hoffer, dated December 4th, in answer to question raised by the Board as to whether the Production Committee of the Ordnance Department would be required to pass on shell contracts prior to their consummation was read and referred to Colonel Pierce for further investigation and advice.

333 *Organization—Additional members, Chemical Section of the Raw Materials Division.*—A communication from Mr. Baruch, dated December 5th, advising of certain additional members

he had added to the Chemical Section of his Division, was read for the information of the Board.

Allies Cooperation—Services of Imperial Munitions Board of Canada offered.—A communication from the United States Representative of the Imperial Munitions Board of Canada, dated November 28th, addressed to General A. L. Smith, Quartermaster Corps, and referred to this Board for attention was read. It was ordered that this communication be properly acknowledged and Mr. Willard was requested to call upon their Representative here and arrange for a close relationship between them and the War Industries Board.

Organization—Traveling expenses of men associated with the Board.—Relative to question raised by Mr. Vauclain in his communication of November 27th as to the necessity for men associated with the Board filling out the prescribed forms to secure compensation for traveling expenses incurred in pursuit of the work of the Board, a communication from Mr. Pyne, Assistant to the Director, was read for the information of the Board advising that no deviation from the general rule was allowed by the Treasury Department.

334 *Projectiles—Order for 75-m/m shell Forgings with Hydraulic Pressed Steel Company.*—Mr. Brookings presented a communication from the Purchase Section, Gun Division, Ordnance Department, dated November 27th, No. GP 471.12/1311, advising the Board of the placing of an order for 4,000,000 75-m/m forgings with the Hydraulic Pressed Steel Company, on terms stated. Under the advice of Mr. Brookings, the Board could see no reason why the order as given should not have been placed, taking the emergency nature of the matter into consideration.

Projectiles—Base price for 75-m/m, 3-inch and 2.95-inch Shrapnel.—Mr. Brookings presented communication from the Purchase Section, Gun Division, Ordnance Department, dated December 3rd, No. GP 471.2/34, asking whether the Board knew of any reason why contracts should not be closed for 75-m/m, 3-inch and 2.95-inch shrapnel, using base prices as given as a basis for arriving at prices to be paid. Under the advice of Mr. Brookings, and taking into consideration the emergency nature of this matter, the Board could see no reason why contracts should not be closed on the basis outlined.

Gun Carriages—Order for Recoil Mechanisms with Dodge Bros.—Mr. Brookings presented a communication from the

335 Carriage Division, Ordnance Department, dated December 4th, No. 473.824/147, relative to the need for furnishing the Dodge Bros. Company with additional machinery for their undertaking contract P. O. #339, covering recoil mechanisms, and asking whether the Board knew of any reason why this should not be done. Under the advice of Mr. Brookings, the Board could see no reason for objection to the proposed arrangement.

Machine Guns—Order for Containers for Lewis Machine Guns.—Mr. Brookings presented communication from the Carriage Division, Ordnance Department, dated October 9th, No. 0.0. 472.504/1, asking the Board to recommend a fair and just price for 29,000 containers for Lewis Machine Guns, each container holding six magazines of the 47-cartridge type. Mr. Brookings likewise presented recommendation as above from the Machine Gun Committee of this Board,

dated December 4th, who had had the matter under their consideration. Under the advice of Mr. Brookings, the Board approved of the recommendation of the Machine Gun Committee.

Gun Carriages—Order for Gun Railway Cars with American Car and Foundry Company.—Mr. Brookings presented communication from the Carriage Division, Ordnance Department, dated De-

336 cember 1st, No. CS 453.12/114, asking whether the Board knew of any reason why an order for 65 8-inch Gun Railway Cars, Model of 1918, should not be placed with the American Car and Foundry Company on terms given. Under the advice of Mr. Brookings, the Board could see no reason why this order should not be placed on the terms stated.

Price Fixing—Invitation to Federal Trade Commission to be Present at Conferences.—Upon the suggestion of Mr. Baruch, the Secretary was instructed to invite the members of the Federal Trade Commission to be present at conferences to be held with the Steel and Copper Industries called for the reconsideration of the prices fixed for these commodities on December 10th and December 14th respectively.

Chemicals—Price for Ammonium Nitrate.—The question as to the fixing of a price for ammonium nitrate to be purchased by the Government was referred to Mr. Baruch, with power.

Labor—Letter from Trimont Manufacturing Company.—Mr. Frayne presented a communication from the Trimont Manufacturing Company suggesting a plan for setting prices for labor and

337 commodities by Governmental action. His recommendation that any such action would be, at this time, inadvisable was approved by the Board.

Labor—Army inducing men to leave Midvale Company.—Mr. Frayne presented a communication from the Bureau of Ordnance, Navy Department, No. 32783, addressed to the Secretary of Navy, and a copy sent to this Board calling attention to the fact that the Army was inducing men to leave Midvale Steel Company to go to France. Since that Company is now engaged almost entirely in Navy work, the Department objected to such action by the Army. Mr. Frayne presented his recommendation to the effect that he would be glad to offer his services and that an understanding between the Army and Navy should be arrived at. This recommendation was ordered sent the Bureau of Ordnance.

Navy Department—Cantonment Contractors recommending J. Henry Miller, Inc., to undertake hospital at Ft. McHenry.—Colonel Pierce presented a recommendation from the Emergency Construction Section, dated December 5th, recommending that J. Henry Miller, Inc., be given contract to build hospital at Ft. McHenry, Baltimore, this recommendation upon the solicitation of the Cantonment Division of the Quartermaster Corps. Upon the approval of Col. Pierce, the Board approved this recommendation.

338 Judge Lovett presented the following resolution which, being duly seconded, was unanimously adopted:

Resolved, That inasmuch as the War Industries Board is advised that there is now no law authorizing the President or any other Department of the Government to fix prices of any products or commodities except food and

fuel for consumers or the public, or to control the distribution thereof, the Board recommends to the Council of National Defense that legislation by Congress upon these subjects be sought as early as practicable; and

Resolved further, That the bill prepared and submitted to this Board and annexed to this Resolution embodies substantially the legislation which this Board recommends on these subjects; and the Chairman is hereby authorized and requested to communicate this to the Council.

Priority—Direct Telephone for Railway Committee to Pittsburgh.—Judge Lovett presented a communication from Mr. Fairfax Harrison, of the Railway War Board, dated December 4th, asking that the Board request the American Telephone Company to give that Board a direct telephone connection with the Railway Committee in Pittsburgh. The Board approved of such action and ordered that it be carried out.

The Meeting adjourned at 1:00 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

339 Meeting of the War Industries Board held Friday, December 7, 1917, at 10: 00 A. M., Room 54, C. N. D. Building

Present: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Mr. Frayne; Judge Lovett; Colonel Pierce; Mr. Bingham, Secretary.

Organization—Reading of the Minutes.—The minutes of the meeting held Thursday, December 6th, at 10:00 A. M., were read and approved, subject to the insertion of resolution to be prepared by Judge Lovett, covering action of the Board relating to proposed Bill giving the President powers to fix prices, and etc., in place of the minutes as read.

Chemicals—Commandeering of entire existing supply and production over the years 1917 and 1918 of acetate of lime and methyl alcohol.—A resolution adopted by the Aircraft Board, submitted to the War Industries Board, recommending the commandeering
340 of the entire supply and production for the years 1917 to 1918 of acetate of lime and methyl alcohol, was presented. Under the advice of Mr. Baruch and Mr. L. L. Summers, of the Raw Materials Division, the proposed action was approved.

Lead—Meeting to Fix Prices.—Under the advice of Mr. Baruch it was ordered that Monday, December 17th, at 10:00 o'clock a. m., be set aside for the consideration of the fixing of a price for lead, and it was ordered that representatives of the Lead Producers be invited to be present at that time.

Machine Guns—Settlement for royalty with the Owners of Lewis Patents.—A communication from the Machine Gun Committee, dated December 3rd, relative to the settling of royalty to be paid the owners of the Lewis Machine Gun Patents, and asking for the assistance of the Board in this matter, was presented and referred to Mr. Brookings for recommendation.

Organization—Commandeering by Departments.—Mr. Brookings, Mr. Baruch, and Col. Pierce were appointed a Committee to draw up a resolution covering the need for cooperation on the part of the various Departments of the Government in the commandeering of war necessities, and the need for further cooperation in presenting

their requirement for materials included in the shortage list. It was ordered that such resolution as they would draw up should be
341 presented to the Secretary of War, The Secretary of the Navy, and the Chairman of the Shipping Board.

Chemicals—Order with Atlas Powder Company for Ammonium Nitrate.—Mr. Baruch presented communication from the Purchase Section, Gun Division, dated November 30th, No. 555–801G covering proposed order for 40,000,000 pounds of Ammonium Nitrate to be placed with the Atlas Powder Company, and asking whether the Board knows of any reason why such an order should not be placed on the terms given. Under the advise of Mr. Baruch the Board could see no reason why the order should not be placed under the terms outlined; provided, a limitation be included in paragraph "E" that any apparatus which is to be installed will be installed with approval and consent of the Government who shall determine whether such apparatus shall be in the new buildings or the old.

Cement—Price Fixing.—Mr. Baruch presented proposition made by the Cement Industry covering the price to be paid by the Government for cement and figured on a basis of twenty cents per barrel below the base price fixed for the public at large. It was moved and carried that the Cement Industry be asked to submit a proposition that does not involve a fixed base price as a basis for a selling price to the Government, but which should be a specific net price at shipping points.

342 *Organization—Dissolving of Remount Committee.*—Acting under the advice of Col. Pierce it was ordered that a letter be addressed to Mr. W. S. Gifford, Director, recommending that the Remount Committee be dissolved as in the case of other Committees, since the War Industries Board no longer feels that there is a necessity for the continuance of that Committee under this Board.

Organization—Dissolving of Accountancy Committee.—Acting under the advice of Col. Pierce it was ordered that W. D. Gifford, Director, be advised that it was the Board's opinion that the Accountancy Committee should be dissolved, as in the case of other Committees. Due to the fact that practically all Government Departments had now developed their own Accountancy Department, it was felt that there was little or no need for that Committee, particularly because of the availability of the Institute of Government Research, who could be consulted at any time in such questions as are covered by it.

Organization—Revise Shortage List and Explanation of Clearance Committee.—Colonel Pierce presented a communication from the Clearance Committee giving a revised shortage list and
343 including an explanation of the functions and operations of that Committee and other agencies of the War Industries Board whose activities are associated with its work. It was proposed that this be sent to the various Purchasing Departments of the Government for their information, and the Secretary was instructed to revise it insofar as necessary and have it issued.

Gun Carriages—Order with Morgan Engineering Company for 12-inch Mortar Carriages for Railway Cars.—Mr. Brookings pre-

sented a communication from the Carriage Division, Ordnance Department, dated December 4th, No. CS 453.14/16, asking whether the Board knew of any reason why an order for from 90 to 100 12-inch Mortar Carriages for use on Railway Cars should not be placed with the Morgan Engineering Company on terms given. Under the advice of Mr. Brookings the Board could see no reason why this order as outlined should not be placed.

The Meeting adjourned at 12:45 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

344 **Special Meeting of the War Industries Board Held Monday, December 10th, 1917, at 12:00 O'clock Noon, Room 54, C. N. D. Building**

Present: The War Industries Board: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Mr. Frayne; Judge Lovett; Col. P. E. Pierce; Mr. Bingham, Secretary; also Mr. Legge, Mr. Replogle, and Mr. Davies, of the Federal Trade Commission; Mr. Blavait, representing the Fuel Administrator; also the following representing the Steel Industry: F. N. Beegle, President, Union Drawn Steel Co., Pittsburgh, Pa.; James B. Bonner, Representative, American Iron and Steel Institute, Washington; James A. Burdon, President, Burdon Iron Co.: Troy, N. Y.; E. A. S. Clarke, President, Lackawanna Steel Co., New York, N. Y.; A. C. Dinkey, President, Midvale Steel & Ordnance Corp., Philadelphia, Pa.; James A. Farrell, President, United States Steel Corp., New York, N. Y.; W. J. Filbert, Comptroller, United States Steel Corp.; New York, N. Y.; Judge E. H. Gary, Chairman, United States Steel Corp.; New York, N. Y.; F. H. Gordon, Gen. Mgr. of Sales, Lukens Steel Co., Coatesville, Pa.; E. G. Grace, President, Bethlehem Steel Co., South Bethlehem, Pa.; W. S. Horner, President, Nat'l. Ass'n. of Sheet & T. P. Mfrs., Pittsburgh, Pa.; A. F. Huston, President, Lukens Steel Co., Coatesville, Pa.; Eli Joseph, Member of Firm. Joseph, Joseph & Bro., New York, N. Y.; Willis L. King, Vice President, Jones & Laughlin Steel Co., Pittsburgh, Pa.; W. Vernon Phillips, President, F. R. Phillips & Sons Co., Philadelphia, Pa.; Karl G. Roebling, Gen. Mgr. of Sales, John A. Roebling's Sons Co., Trenton, N. J.; Chas. M. Schwab, Chairman, Bethlehem Steel Co., South Bethlehem, Pa.; John A. Topping, President, Republic Iron & Steel Co., New York, N. Y.; Roy A. Rainey, Rainey Coke Co., New York, N. Y.; Scott Stewart, Ass't. to Roy A. Rainey, Rainey Coke Co., New York, N. Y.

345 *Special Meeting—To consider Steel Prices with Representatives of the Steel Industries* (*Verbatim Report of Meeting on File*).—Mr. Willard, Chairman, explained that, while the cost data in course of preparation by the Federal Trade Commission was not yet at hand, it had been felt advisable to call the Representatives of the Steel Industry to Washington to discuss the general situation as brought about by the prices fixed and by general conditions in order that the Board could approach the subject more intelligently and a decision be arrived at more expeditiously when the Federal Trade Commission data came to hand, it being understood that in the terms of the previous price agreements it had been stipulated that prices would be reconsidered prior to January 1st, 1918.

Judge Gary, speaking for the Steel Trade, stated that in spite of the fact that costs had steadily increased the Trade would be willing to continue the prices now in force for a period of at least the first quarter of 1918, the Trade feeling that it would be better to continue the same prices, even at a loss to themselves, than to create the disturbance incident to the establishing of new prices.

346 General conditions were discussed, tending to show the cooperation shown by the Steel Industry and similarly the desire on the part of the Industry that no arbitrary ruling should be made covering the status of alien Austrians. It was their opinion that each individual operator should be given the opportunity of discussing with the proper Government official the status of each individual Austrian in his particular plant.

Judge Gary called attention to the fact that certain Governmental Departments had made rulings effecting the Trade without consulting the Trade, and pointed out the benefit to the situation should the War Industries Board be able to induce all Departments, when contemplating any such action, to get in touch with those affected by it.

The meeting adjourned at 2:15 p. m.

(sgd.) H. P. BINGHAM, *Secretary.*

347 **Meeting of the War Industries Board held Wednesday, December 12th, 1917, at 10:00, Room 56, C. N. D. Building**

Present: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary.

Organization—Reading of the Minutes.—The minutes of the meeting of the Board held Friday, December 7th at 10 o'clock A. M. and special meeting held Monday, December 10th at 12 o'clock noon, were read and approved.

Cantonment contractors—recommendation of contractors to handle building of lighters for Cantonment Division.—Col. Pierce presented the following recommendations of the Committee on Emergency Construction covering contractors to undertake the building of barges for the Cantonment Division of the Quartermaster Corps:

1. Atlantic Gulf and Pacific Company, New York—scows for Port Newark.
2. W. H. Gahagan, Inc., Brooklyn—scows for Port Newark.
3. Henry Steers, Inc., New York—scows for Port Newark.

348 Under the advice of Sol. Pierre the Board approved the contractors as being competent to undertake this work, it being understood that no opinion was expressed as to the terms of the contract, no information regarding the terms being at hand.

Cantonment contractors—recommendation of contractors to undertake construction work for Cantonment Division.—Col. Pierce presented the following recommendations of the Committee on Emergency Construction covering contractors to undertake building as given for the Cantonment Division of the Quartermaster Corps:

1. Thompson-Starrett Company, New York—hospital at Fox Hill Property, Staten Island, N. Y.
2. Amsterdam Building Company, Inc., New York—hospital at Billings Estate on Hudson, New York.

3. Cauldwell-Wingate Company, New York—hospital at Iselin, N. J.
4. Clough-Bourne Corporation, New York—hospital at Camp Mills, Mineola, L. I.
5. Westlake Construction Company, St. Louis—construction of Depot warehouse at St. Louis.
6. William Steele & Sons Company, Philadelphia—warehouses at Expeditionary Depot, Philadelphia.
7. The Austin Company, Cleveland—Storehouses and supply Depot at Pittsburgh, Pa.

Under the advice of Col. Pierce the Board approved of these recommendations.

Shortages—Addition of castor oil to shortage list.—A communication from the Clearance Committee dated December 10th
349 recommending that castor oil be added to the shortage list, was presented. This recommendation was approved by the Board and it was so ordered.

Niagara Power—recommendation from Mr. Bulkley relative to inadvisability of placing additional war orders in Niagara Falls and Pittsburgh district.—A communication dated December 6th from Mr. R. J. Bulkley together with report from Mr. H. G. Moulton covering the subject of a shortage of power in the Niagara Falls and Pittsburgh districts and recommending that the Secretary of War and the Secretary of the Navy be asked to issue the necessary instructions to their departments to refrain from placing additional war orders in those districts without first taking up with the War Industries Board such contemplated order, was presented.

Likewise there were presented copies of communications from the Chairman of the Board to the Secretaries acting favorably on Mr. Bulkley's suggestion. The Board approved of the action taken.

Priority—Priority orders issued by various departments covering power in Pittsburgh district.—A communication from the Priorities Committee, dated December 7th calling attention to the fact that the Duquesne Light Company, who supply electric power in the Pittsburgh district and in which district a serious shortage of electric power existed, had received conflicting priority requests for the furnishing of power from various Government departments and suggesting that the Board make a request upon the
350 Secretary of War and the Secretary of the Navy to instruct their departments to refrain from issuing priority orders and to instruct that all such orders be handled through the Priorities Committee of the Board, was presented.

The Board approved of this recommendation and ordered it carried out.

Trucks—Order for tractors with Van Dorn Iron Works.—Mr. Brookings presented a communication from the Carriage Division, Ordnance Department, dated December 4th, No. 451.22/81, asking whether the War Industries Board knew of any reason why an order for 750 tractors of special design should not be placed with the Van Dorn Iron Works on terms given.

Under the advice of Mr. Brookings the Board could see no reason why such order should not be placed.

Trucks—Order for Gas tractors with C. L. Best Gas Traction Company.—Mr. Brookings presented a communication from the Carriage Division, Ordnance Department, dated December 3rd, No. 451.22/77, asking whether the War Industries Board knew of

351 any reason why an order for 1,000 gas tractors should not be placed with the C. L. Best Gas Traction Company on terms stated.

Under the advice of Mr. Brookings the Board could see no reason why such order should not be placed.

Trucks—Order for tractor transmissions with the Maxwell Motor Company.—Mr. Brookings presented a communication from the Carriage Division, Ordnance Department, dated December 3rd, No. 451.22/78 asking whether the War Industries Board knew of any reason why an order for 2,000 tractor transmissions should not be placed with the Maxwell Motor Company on terms stated.

Under the advice of Mr. Brookings the Board could see no reason why such order should not be placed.

Trucks—Order for tractor transmissions with the Hudson Motor Car Company.—Mr. Brookings presented a communication from the Carriage Division, Ordnance Department, dated December 3rd, No. 451.22/79, asking whether the War Industries Board knew of any reason why an order for 2,000 tractor transmissions should not be placed with the Hudson Motor Car Company on terms given.

Under the advice of Mr. Brookings the Board could see no reason why such order should not be placed.

Gun Carriages—Order for hubs for artillery wheels with Wagner Electric Manufacturing Company.—Mr. Brookings presented a communication from the Carriage Division, Ordnance Depart-
352 ment dated November 8th No. CF (7) 473.817 asking whether the War Industries Board knew of any reason why an order for 30,000 hubs for 56″ artillery wheels should not be placed with the Wagner Electric Manufacturing Company on terms as outlined.

Under the advice of Mr. Brookings the Board could see no reason why such order should not be placed and it was ordered that the department be informed that the delay in replying to their communication was occasioned by the inadvertent loss of their original letter.

Gun Carriages—Order for recuperators for field gun carriages with Carnegie Steel Company.—Mr. Brookings presented a communication from the Carriage Division, Ordnance Department, dated December 3rd No. (50) 472.811 asking whether the War Industries Board knew of any reason why orders for forgings for recuperators for field gun carriages as given and on terms stated should not be placed with the Carnegie Steel Company.

Under the advice of Mr. Brookings the Board could see no reason why such orders should not be placed.

Gun Carriages—Order for caissons with Ford Motor Company.—Mr. Brookings presented a communication from the Carriage Division, Ordnance Department, dated December 5th No. CF 473.861/107 asking whether the War Industries Board knew of any reason why orders for Howitzer caissons and gun caissons as listed should not be placed with the Ford Motor Company on terms stated.

Under the advice of Mr. Brookings the Board could see no
353 reason why such order should not be placed.

Chemicals—Regulation of price of alcohol.—Mr. Baruch presented a communication from Mr. Summers for his Division dated December 7th relative to proposed plan for the regulation of the price and supply of alcohol which had been approved by the

Board and had been delayed in the office of the Commissioner of Internal Revenue, no action having been taken by that department, and asking that he be empowered to confer with the Commissioner of Internal Revenue and other departments and that the War Industries Board ask these departments to confer with Mr. Summers and that Mr. Summers should attend these conferences with power to act for the War Industries Board.

Cement—Price Fixing for Government purchases.—Mr. Baruch presented proposition made by the cement industry covering prices to cover Government purchases, whereupon it was moved and carried that the following prices recommended for cement and endorsed by Mr. Baruch be fixed for cement heretofore bought by the Government on memorandum basis and for Government purchases for a period over the next four months:

Hudson, N. Y.	$1.40	El Paso, Texas	$1.90
Lehigh Valley, Pa.	1.30	New Orleans, La.	1.78
Pittsburgh, Pa.	1.50	Portland, Oregon	1.70
Fordwick, Va.	1.40	Trident, Mont.	1.70
Bellevue, Mich.	1.50	Irvin, Wash.	1.70
Mitchell, Ind.	1.50	Seattle, Wash.	1.90
Hannibal, Mo.	1.50	Tacoma, Wash.	1.70
Buffington, Ind.	1.40	Portland, Colo.	1.70
Mason City, Iowa	1.55	Stockton, Calif.	1.70
Iola, Kansas	1.50	Oakland, Calif.	1.70
354 Steelton, Minn.	1.55	San Francisco, Calif.	1.70
Kingsport, Tenn.	1.40	Santa Cruz, Calif.	1.70
Richard City, Tenn.	1.40	Santa Barbara, Calif.	1.70
Harrys, Texas	1.30	Los Angeles, Calif.	1.70
Houston, Texas	1.40		

Organization—Appointment of committee to handle question of Federal Prison Labor and the salvage of waste.—Mr. Frayne presented a report covering the handling of the question of federal prison labor and the salvage of waste and recommending that he be empowered to create a war prison labor committee and to confer with the authorized heads of the Government departments interested, the President of the American Federation of Labor, and the President of the National Committee on Prisons and Prison Labor in regard to the personnel of such committee.

This recommendation was approved by the Board.

The meeting adjourned at 1:00 o'clock P. M.

(sgd.) H. P. Bingham, *Secretary.*

355 **Meeting of the War Industries Board held Thursday, December 13, 1917, at 10:00 A. M., in Room 54, C. N. D. Building**

Present: Mr. Willard, Chairman; Mr. Brookings; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary.

Organization—Reading of the minutes.—The minutes of the meeting held Wednesday, December 12th at 10 o'clock A. M. were read and approved.

Commandeering—Action of Navy Department.—A communication from Mr. Brookings dated December 13th calling attention to the fact that the Navy Department had placed commandeering orders for duck with companies whose capacity was already filled

with Government orders, was presented, whereupon the following motion was unanimously adopted and action ordered carried out:

Whereas a number of commandeering notices have been served by the Navy Department within the past ten days upon manufacturers of duck whose entire production has either been contracted for by the Government or alloted to to special industries closely affiliated with our war needs;

And whereas it is proclaimed by the Navy Department that they have no interest other than to get what they want when they want it at the lowest price they can: Now, therefore,

Resolved, That the Council of National Defense be requested to bring
356 to the attention of the Secretary of War and the Secretary of the Navy the absolute necessity of issuing such orders as will prevent all commandeering or threats to commandeer of any plant or commodity upon the part of any purchasing department before first submitting the proposed action to the War Industries Board for its approval or advice.

At this point Mr. Baruch entered the meeting.

Chemicals—Plan for War Minerals Committee to increase supply of pyrites.—A communication from the War Minerals Committee suggesting a plan for the increasing of the available supply of pyrites dated December 11th was presented and referred to Mr. Baruch for proper action.

Cantonment contractors—recommendation contractors to construct barges for Cantonment Division.—Col. Pierce presented the following recommendations of the Committee on Emergency Construction covering contractors to undertake the building of barges for the Cantonment Division of the Quartermaster Corps:

1. National Shipbuilding & Dry Dock Co., Savannah, Ga.—construction of scows for Port Newark.

2. Hinkey, Michaelson & Company, North Tonawanda, N. Y.—construction of scows for Port Newark.

Under advice of Colonel Pierce the Board approved the contractors as being competent to undertake this work, it being understood that no opinion was expressed as to the terms of the contract, no information regarding the terms being at hand.

Army equipment—Order for boilers from Babcox-Wilcox & Co.—Col. Pierce presented a communication from the Purchase
357 Section, Gun Division, Ordnance Department, dated December 7th, No. GP 412.32/41, asking approval for proposed order for boilers to be placed with the Babcox-Wilcox Company on terms stated. This was referred to Mr. Brookings with power.

Chemicals—Contract for power for Muscle Shoals nitrate plant.—Mr. Baruch presented a communication from Div. T Ordnance Department dated December 8th, No. E 7482 & 3, outlining contract to cover power to be supplied from the Alabama Power Company to the Government nitrate plant at Muscle Shoals. This was referred to Mr. Brookings with power.

Machine Guns—Arrangement covering royalties for Lewis Machine Gun Patents.—At this point Major Bascom Little, Chairman of the Machine Gun Section, and Mr. Calfee and Mr. Powell, representing the owners of the Lewis machine gun patents, were invited into the meeting.

Major Little announced that in accordance with the wish of the Ordnance Department and the War Industries Board the Machine Gun Section had endeavored to arrange a settlement with the owners of said patents covering royalties to be paid, but that no settlement had been arrived at.

Mr. Calfee then stated that Col. Lewis holding an interest to the amount of 43% on the patents had agreed to forego any royalty to be paid by the United States Government for guns they might purchase covered by his patents. Mr. Calfee also presented the
358 position of those holding the remaining interest, whereupon Major Little and the others retired.

The Board, after deliberation, came to the following conclusions: That the owners of the patents be paid the amount of royalty to which their contract entitled them on all guns and spare parts ordered by the Government at the price of $750 per gun (which price included $100 per gun royalty) and that in addition the owners should be paid the sum of $1,650,000 which should be in full settlement for all royalties on guns and spare parts now under contract or order and for any further guns which may be ordered in the future.

Relating to the proposed action of Col. Lewis above referred to, the Board, while appreciating the patriotism and highmindedness of Col. Lewis, did not feel that his proposed action could be fairly considered in the present proposed arrangement and that if he later decided to carry it out, such action should be arranged by him with the Secretary of War.

The meeting adjourned at 12:15 P. M.

(Sgd.) H. P. BINGHAM, *Secretary.*

359 **Meeting of the War Industries Board held Friday, December 14, 1917, at 10:00 A. M., in Room 54, C. N. D. Building**

Present: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary.

Organization—Reading of the minutes.—The minutes of the meeting held Thursday, December 13th at 10 o'clock A. M. were read and approved.

Niagara Power—Instructions issued by Secretary of War relative to placing further orders in Niagara Falls and Pittsburgh district.—A communication from the Secretary of War dated December 11th advising that he had acted upon the recommendation of the War Industries Board and had instructed his department to place no further war orders in the Niagara Falls and Pittsburgh district except with the approval of the War Industries Board, was read for the information of the Board.

Allies Cooperation—Willingness of Spain to furnish supplies to our forces in France.—A wire from General Pershing advising that the Spanish Government was willing to furnish supplies
360 needed by our forces in France, provided the United States will lift the embargo on certain materials desired by Spain, was read for the information of the Board.

Army Equipment—Order for Boilers with Edge Moor Iron Company.—Col. Pierce presented a communication from the Purchase Section, Gun Division, dated December 8th No. GP 412.32/46 asking whether the War Industries Board knew of any reason why order for 34 water-tube boilers should not be placed with the Edge Moor Iron Company.

Under the advice of Col. Pierce the Board could see no reason why such order should not be placed.

Fuses—Proposed contract.—Col. Pierce presented a communication from the Purchase Section, Gun Division, dated December 7th, No. GP 471.822/2032, asking whether the War Industries Board knew of any reason why orders for machining, assembling, loading, and packing detonating fuses, Mark III, IV, and V should not be placed with the concerns listed and on terms stated.

Under the advice of Col. Pierce the Board could see no reason why such orders should not be placed, placing confidence in the discretion of the Ordnance Department in the prices arrived at, it being impossible to pass on the prices because of the wide range of the machining charge which was from 33% to 50%.

Cantonment contractors—Recommendation for contractors to undertake work as given.—Col. Pierce presented the following recommendations of the Committee on Emergency Construction
361 covering contractors to undertake emergency construction work as given:

1. R. B. Yoakum, Leavenworth, Kansas—Barracks at Fort Leavenworth, Kansas.

2. R. H. Howes Construction Company, New York—Tuberculosis Sanitarium at Otisville, N. Y.

Under the advice of Col. Pierce the Board approved of these recommendations.

Cantonment construction—faulty design of emergency hospitals.—Col. Pierce presented a communication from the Committee on Emergency Construction calling attention to the faulty design of the emergency hospitals now being constructed and to the advisability of securing the best advice possible to improve on their design. It was ordered that it be suggested to the Secretary of War that he secure the best available expert in hospital design, who is considered to be Dr. Goldwater of Mt. Sinai Hospital, New York, to confer with the proper officials in Washington and advise thereon.

Essential—Letter sent to Clearance Committee of the United States Chamber of Commerce.—Mr. Willard presented draft of a letter to the Clearance Committee of the United States Chamber of Commerce to be sent to the heads of all industrial committees and covering the question of industries essential and nonessential to the carrying
362 on of the war. The proposed letter was approved by the Board.

The meeting adjourned at 11:25 A. M.

(Sgd.) H. P. BINGHAM, *Secretary.*

363 **Special Meeting of the War Industries Board held Friday, December 14, 1917, at 2 P. M., in Room 54, C. N. D. Building**

Present: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary; Prof. Walter M. Adriance, representing the War Trade Board; Mr. Sidney H. Solomon representing the War Trade Board; also Mr. Lewis A. Haney representing the Federal Trade Commission; Mr. Eugene Meyer, Jr., of the Raw Materials Division; Mr. Pope Yeat-

man of the Raw Materials Division. Representatives of the Copper Interests: C. F. Kelley, Anaconda Copper Co.; Joseph Clendennin, American Smelting & Refining Co.; R. Agassiz, Calumet & Hecla Mining Co.; S. Rosenstamm, Miami Copper Co.; T. Wolfson, United Metal Selling Co.; Jas. MacNaughten, Calumet & Hecla Co.; P. Todd, Copper Range-Quincey Copper Co.; N. L. Amster, Shannon Copper Co.; Jas. A. Nelson, Cuba Copper Leasing Co.-Norfolk Smelting Co.

364 *Special Meeting—Copper Industry to consider conditions in copper industry as bearing on possible revision of prices.*—Mr. Willard explained that this conference had been called to secure the views of the copper industry as to present conditions as they might bear on the possible revision of prices.

Mr. Kelley, of the Anaconda Copper Company, stated that the costs of supplies and labor have increased considerably and that the increase of the cost of labor for October as compared with the cost over the period of the first six months of 1917 amounted to 1½¢ per pound. For various reasons which he gave he showed that the efficiency of labor is decreasing in direct proportion to the increase in wages. He said that the present production is not satisfactory due to shortage of labor brought about partly by the draft and likewise to labor troubles which, however, were being partially eliminated.

Mr. Clendennin, of the American Smelting and Refining Company, said that it would assist production should a price be fixed for a period of at least six months instead of for a shorter period, partly because of the stabilizing influence this would have on the business as a whole. He said that the trade was generally satisfied with the September arrangement and that speculation in copper had been practically eliminated.

It was estimated that from 65% to 75% of the copper production is now going into materials incident to the war. The
365 importation of copper was placed at about 15,000 tons per month.

Mr. N. L. Amster, of the Shannon Copper Company, stated that that mine cannot produce copper at a profit at a selling price of 23½¢ per pound and gave figures placing the production of that mine at 11,000,000 pounds. Instances of other mines whose cost are near 23½¢ per pound were given, but very little production was claimed to be at a cost of over 23½¢. In the Lake district the alien Austria-Hungarians were reported to number approximately 1,700, or 10% of the total number. In the Butte district this number was fixed at about 12% of the total.

Mr. James MacNaughten, of the Calumet & Hecla Company, stated that the cost of copper in his mines consists of 60% labor and 40% supplies, and that labor has increased 30% and the cost of supplies 100% over pre-wartime conditions. Based on pre-wartime costs and average pre-wartime selling price and present costs, he said a similar selling price should now be 25½¢ per pound to maintain the same average of return.

The meeting adjourned at 4:00 P. M.

(Sgd.) H. P. Bingham, *Secretary.*

366 **Special Meeting of the War Industries Board held Monday, December 17, 1917, at 10:00 A. M., in Room 54, C. N. D. Building**

Present: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. H. P. Ingels, Acting Secretary; also Mr. Eugene Meyer, Jr. Representatives of the lead interest: Mr. J. H. Lange, Treasurer of L. Vogelstein & Co.; Mr. Edward Cornish, President National Lead Co., St. Louis Smelting & Refining Co.; Mr. John E. Williams, Secretary & Treasurer of Pa. Smelting Co.; Mr. Clinton H. Crane, St. Joseph Lead Co.; Mr. I. H. Cornell, St. Joseph Lead Co.; Mr. Edward Brush, Vice President American Smelting & Refining Co.; Mr. F. Y. Robertson, Vice President U. S. Smelting Co.; Mr. A. G. Mackenzie, Utah Chapter American Mining Congress; Mr. Geo. H. Dern, Utah Chapter American Mining Congress; Mr. Ravenel MacBeth, Idaho Mining Association; Mr. Pope Yeatman, Consulting Engineer; Mr. R. A. Young, Washington State Metal Association; Mr. Colbreath, American Mining Congress.

Special Meeting—Lead industry to consider production, costs, and other information regarding lead market.—Mr. Willard
367 opened the meeting by advising the representatives of the lead interests that the meeting had been called for the purpose of obtaining expressions from them as to production, costs, and other information regarding the lead market, and also to obtain from them an expression as to whether or not they were in favor of establishing a maximum price.

Mr. Clinton H. Crane, of the St. Joseph Lead Company, stated that he was willing to follow the lead of the President; however, he was personally against the fixing of prices, but was of the opinion that if the maximum price is fixed it should be done now before the market rises. He stated that the 1916 production was approximately 580,000 tons, with the Government requirements of about 8,000 tons per month, and with the demands of the trade decreasing there is now ample production at the present prevailing price, viz, 6¼¢; and that, in his opinion, if this price advances, it will stimulate more production.

He further stated that the present output in the St. Joseph district was approximately 9,000 and 10,000 tons per month and that his company produces about 40% of this amount; that his cost of production was somewhere between 3½¢ and 4¢, so that his company could continue to operate at prices even lower than the prevailing market price, while a great many other mines not so fortunately located would be forced to close down or operate at a loss, as the present cost or production was about 2¢ per pound more than it was under the pre-war conditions.

368 Mr. Edward Cornish, President of the National Lead Company, stated that the pre-war consumption was approximately 400,000 tons and that at the present time there was an excess of production in the country, and that if the Government requirements remained at approximately 8,000 tons per month, it will not be necessary to fix prices; but if the Government should buy for the Allies

and increase the monthly requirements to, say, 15,000 tons per month, then he is of the opinion that a maximum price should be fixed.

Mr. Ravenel MacBeth, of the Idaho Mining Association, speaking for his district, stated that they were paying labor $4.75 per day, whereas by the differential rating they should be paying $4.25 per day; that the efficiency of the men has decreased on account of green men and on account of having to call in a great many older men, that most all of the properties in his district operating about 70%, and that no mines are developing new properties due to the present high costs. He stated that the present costs should warrant a price of 8½¢ for the district, the total production of this district being approximately 10,000 tons per month.

Mr. MacBeth further stated that personally he was very much opposed to the fixing of prices.

Mr. A. G. MacKenzie, of the Utah Chapter American Mining Congress, stated that the conditions governing costs in the Utah district were about the same as Idaho; that practically all
368 properties were curtailing operations and that he was afraid that, if the maximum price of 8¢ is agreed to, immediately their labor would make demands on them for increases based on this price.

Mr. Edward Brush, Vice President American Smelting & Refining Company, stated that the costs of smelting had increased about 100%. He was asked by Mr. Meyer if there was any likelihood of curtailment of Mexican production. The answer was that the conditions are very uncertain, due to activities by Villa, and that the normal production was approximately 12,000 tons per month and the present production about 7,000 tons per month.

Mr. Baruch asked Mr. MacKenzie if 75% of the Utah producers could afford to operate at 8¢. Mr. MacKenzie was of the opinion that they could do this, notwithstanding that the wage scale is the highest in the history, the costs having increased as follows: labor, approximately 30%; supplies, approximately 70%.

It was agreed that a fixed price per pound East St. Louis, with the usual trade differentials allowed, would be understood by all producers.

Mr. Willard advised the representatives of the lead interests that the Board had sufficient information to decide whether or not they would take an action, and the men were asked to leave their names with Mr. Meyer so that they could be called upon again if necessary.

At this point the representatives of the lead interest withdrew.

369 *Projectiles—Orders to be placed in Canada.*—In accordance with memorandum of December 12th from the Purchase Section, Gun Division, Ordnance Department, No. GP 471/165, and under the advice of Mr. Brookings, the Board could see no reason why the following orders should not be placed in Canada:

400,000 4.7" gun and howitzer shell, 200,000 6" gun shell, 50,000 5" gun shell.

Cartridge Cases—Orders for fabrication of various sizes.—Mr. Brookings presented memorandum dated December 7th from the Purchase Section Gun Division, Ordnance Department, No. GP 471.873/1235.

Under advice of Mr. Brookings, the Board could see no reason why the following orders should not be placed:

2.95" Mountain Gun

Worcester Pressed Steel Co	570,000

3.8" Howitzer

Worcester Pressed Steel Co	315,000

75 m/m

New York Air Brake Co	4,000,000
Allegheny Steel Co	2,000,000
Eddystone Munition Co	2,000,000
International Fabricating Co	500,000
Scoville Mfg. Co	3,000,000
Cuyahoga Stamping & Machine Co	1,000,000
Gorham Mfg. Co	2,500,000
Gray & Davis, Inc	1,000,000

4.7" Gun

Wheeler Reflector Company	400,000
International Fabricating Co	750,000

371 *3" (Fifteen Pounder)*

Motor Products Co	1,500,000
Federal Pressed Steel Co	1,500,000
Michigan Copper and Brass Co	350,000

Artillery Wheels—Rubber tires for—Memorandum from the Carriage Division, Ordnance Department dated December 8th No. CF Ad. (27) 473.817 was submitted by Mr. Brookings, together with supplementary memorandum of December 14th from Mr. Horning. Under the advice of Mr. Brookings the Board could see no reason why the orders as stated should not be placed.

Projectiles—base price for forging, machining and assembling 4.7 and 3.8 shrapnel.—Under the advice of Mr. Brookings the Board was of the opinion that the prices as outlined in communication from the Purchase Section, Gun Division, Ordnance Department, dated December 9th No. GP 471.25/92 were fair and reasonable and could see no reason why orders should not be placed based on these prices.

Gun Carriages—4.7.—Under the advice of Mr. Brookings the Board was of the opinion that there is no reason why an order should not be placed with the Studebaker Corporation for 500 4.7" field gun carriages, Model 1906, exclusive of recoil cylinders at a fixed profit of $500 per carriage, as brought before the Board in communication from the Carriage Division, Ordnance Department, dated December 8th, No. CF Ad. (3) 473.105, provided there be included a provision that any tools or other property paid for by the Government shall remain the property of the Government after completion of the contract.

372 *Organization—Authority to approve contracts.*—It was moved by Mr. Baruch and duly seconded that in order to avoid unnecessary delays in placing contracts that the Board authorize Mr. Brookings to approve special requests for confirmation of prices, etc., that are presented to him on days other than meeting days providing he calls the same to the attention of the Board at the next following meeting.

T. N. T.—Upon presentation by Col. Pierce of communication from the Gun Division, Ordnance Department, dated December 12th, the Board could see no reason why order should not be placed with the Dupont Company for 2,000,000 lbs. of T. N. T. per month. Also in accordance with memorandum of December 12th from the Gun Division, Ordnance Department, the Board could see no objection to placing an order for T. N. T. with the Canadian Explosives, Ltd.

Fuses—Proposed plants for fuses, boosters, and grenades.—A memorandum of December 3rd from the Gun Division, Ordnance Department, was presented by Col. Pierce regarding proposed plants for the manufacture of fuses, boosters, and grenades, and was approved by the Board.

The meeting adjourned at 12:20 P. M.

(sgd.) H. P. INGELS, *Acting Secretary.*

373 **Special Meeting of the War Industries Board held Monday, December 17, 1917, at 2:15 P. M., in Room 54, C. N. D. Building**

Present: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary.

Special Meeting—Price fixing of lead.—Having considered carefully the information given by the lead producers at the meeting held this morning, the War Industries Board decided that at present no regulatory action should be taken covering this commodity and ordered that the lead producers be so notified, and that the following notice be released for publication:

The principal lead producers of this country at the invitation of the War Industries Board met with that Board this morning in Washington to discuss the advisability of placing restrictions upon the price and distribution of lead. After protracted conference and thorough consideration of the facts brought out in conference, the War Industries Board does not consider that regulatory action is at this time necessary or advisable.

374 *Chemicals—Withholding of licenses for explosives.*—A communication from W. S. Gifford, Director, dated December 14th together with various correspondence from the Bureau of Mines, all having to do with the need for the withholding of licenses for the period of the war for the manufacture, sale and use of fireworks for civilian purposes, was presented.

Under the advice of Col. Pierce the Board approved the withholding of licenses providing the withholding of licenses does not interfere with the production and use of the fireworks necessary in Army and Navy operations.

The meeting adjourned at 3:30 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

375 **Meeting of the War Industries Board held Wednesday, December 19, 1917, at 10:00 A. M., in Room 54, C. N. D. Building**

Present: Judge Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary.

Organization—Reading of the minutes.—The minutes of the meeting held Friday, December 14th, at 10 o'clock A. M., and special meeting held Friday, December 14th, at 2 o'clock P. M., and special meeting held Monday, December 17th, at 10 o'clock A. M., and special meeting held Monday, December 17th, at 2:15 o'clock P. M., were read and approved.

Organization—Correction of minutes.—Upon the request of Mr. Baruch, that part of the minutes of meeting held Wednesday, December 12th, at 10 o'clock A. M., having to do with the regulation of price and supply of alcohol, page 353, were ordered changed to read as follows:

Chemicals—Regulation of price of alcohol.—Mr. Baruch presented a communication from Mr. Summers of his Division dated December 7th relative to proposed plan for the regulation of the price and supply of
376 alcohol which had been approved by the Board and has been delayed in the office of the Commissioner of Internal Revenue, no action having been taken by that Department, and asking that he be empowered to confer with the Commissioner of Internal Revenue and other departments and that the War Industries Board ask these departments to confer with Mr. Summers and that Mr. Summers should attend these conferences with power to act for the War Industries Board.

This recommendation was approved and ordered carried out.

Cantonment contractors—Recommendations of contractors to undertake building operations.—Col. Pierce presented the following recommendations of contractors to undertake construction work as given for the Cantonment Division of the Quartermaster Corps:

1. Sanford & Brooks Company, Baltimore Md.—Temporary Building at Quartermaster Depot, Baltimore.
2. F. W. Cunningham & Sons, Portland, Maine—Addition to Coast Artillery Post at Portland, Maine.
3. I. F. Woodbury & Sons Company, Boston, Mass.—Addition to Coast Artillery Post at Boston, Mass.
4. McNally Construction Company, Fall River, Mass.—Addition to Coast Artillery post at New Bedford, Mass.
5. Peit-Muths Construction Company—Addition to Coast Artillery Post at Mobile, Ala.
6. Hugger Brothers, Montgomery, Ala.—Addition to Coast Artillery post at Pensacola, Fla.
377 7. Horton & Horton, Houston, Texas—Addition to Coast Artillery Post at Galveston, Texas.

Under the advice of Col. Pierce the Board approved of these recommendations.

Army Equipment—Order for water tube boilers with Babcock & Wilcox Company.—Mr. Brookings presented a communication from the Purchase Section, Gun Division, Ordnance Department, dated December 7th, No. GP 412.32/41 asking whether the War Industries Board knew of any reason why orders for 38 stirling water tube boilers should not be placed with the Babcock & Wilcox Company on terms stated.

Under the advice of Mr. Brookings the Board could see no reason why such order should not be placed.

Gun Carriages—Order for replacement parts for caissons, etc., with American Car & Foundry Company.—Mr. Brookings presented a communication from the Carriage Division, Ordnance Department, dated December 8th, No. CF 473.86 (397)1, asking whether the War Industries Board knew of any reason why orders for replacement parts for carriage limbers, caissons, etc., as given should not be placed with the American Car & Foundry Company on terms stated.

Under the advice of Mr. Brookings the Board could see no reason why such orders should not be placed.

378 *Gun Carriages—Order for escort wagons, ration carts, and drinking-water carts.*—Mr. Brookings presented for the information of the Board various correspondence relative to the procurement of 71,084 escort wagons, 12,000 ration carts, and 12,000 drinking-water carts for the Quartermaster's Department, giving prices at which these would be procured and which had been referred to him on November 30th, with power to act.

He said that he had revised the figures given reducing the escort wagons and drinking-water carts $10 each and ration carts $6.54 each, and that contracts were about to be closed by the Quartermaster's Department on the basis he had arranged.

Special meeting with Mr. Perkins of Priority Division.—Thursday, December 20th, at 2:30 o'clock P. M., was set aside for a meeting with Mr. Perkins, of the Priority Division, at which time Mr. Perkins would advise the Board as to conditions abroad as he had recently found them.

Chemicals—Commission to be paid importers of nitrate.—Mr. Baruch reported for the information of the Board that arrangements had been made to pay a profit to importers of nitrate for their services to the amount of 2½% of the total cost of the importation. This arrangement was approved of by the Board.

Army equipment—Supply of woolen clothing for troops.—Col. Pierce presented a report prepared by Major F. S. Young, of the General Staff, showing the amount of woolen cloth procured by the Supplies Committee of this Board to be fabricated into cloth-

379 ing for the troops, and likewise showing the amount of fabricated clothing in the hands of the troops on December 1st, the arrangement for the fabrication of which was arranged for by the Quartermaster's Department, and which department is entirely responsible therefor. This report was ordered received and attached to the minutes.

Commandeering—Interference with Army requirements by commandeering by Navy.—Col. Pierce presented a communication from the Production Section, Ordnance Department, dated December 17th, No. GR 412.3/140, relative to action by the Navy Department in commandeering certain boring and turning machines from the Standard Forging Company, who are engaged in manufacturing 75 m/m and 155 m/m gun forgings, to be machined at the Symington-Anderson Company for the Army, and calling attention to the fact that because of this commandeering the Army's program will be seriously impaired.

This matter was referred to Mr. Brookings for investigation and report.

Labor—8-hour law at F. M. Hoyt Shoe Company.—Mr. Frayne presented a communication from the F. M. Hoyt Shoe Company, dated December 6th, asking that the Board request the Governor of New Hampshire to set aside the restriction allowing women to work at night only eight hours and to permit them to work nine and one-half hours.

Mr. Frayne likewise presented a communication from the General Vice President of the Boot and Shoe Workers Union, dated December

380 13th, advising that this request be not made of the Governor, and it was ordered that copy of his letter be forwarded to the Shoe Company as voicing the opinion of the War Industries Board in this matter.

The meeting adjourned at 11:15 A. M.

(sgd.) H. P. BINGHAM, Secretary.

Chart on Wool

	(1)	(2)	(3)	(4)	(5)[1]
	Cumulative needs to Dec. 1	The material secured on Oct. 20 should produce to Dec. 1	Actual deliveries at depots to Dec. 1 including old stock	Actual deliveries at depots to Nov. 17 including old stock	Shortage at depots on Dec. 1 in production from material available on Oct. 20
Wool coats	2,017,000	2,020,000	1,637,391	1,283,932	736,710
Wool breeches	3,306,000	4,040,000	2,683,389	2,086,943	1,731,753
Overcoats	1,426,000	1,769,000	1,429,721	1,101,625	362,113

	(6)[2]	(7)	(8)	(9)	(10)	(11)
	Shortage at depots in total supply required on Dec. 1	Average rate per week of production during November	Present rate per week of production (Dec. 1)	Estimated shortage on the men on Dec. 1 based on 2 weeks' allowance for transportation and stocks	Number of weeks required to catch up with requirements per column (9) based on (8)	Dates on which all requirements will be fulfilled (same as (10))
Wool coats	379,609	121,729 [3] 114,000	203,944 [3] 114,000	733,068	8	Jan. 25
Wool breeches	622,611	7,729 226,634 [3] 150,000	89,944 337,125 [3] 150,000	1,219,057	7	Jan. 18
Overcoats	None	76,631 122,077 [3] 50,000	187,125 183,414 [3] 50,000	327,375	3	Dec. 22
		72,077	133,414			

[1] Based on (2).
[2] (1) less (3).
[3] Weekly additional requirements.

381 Meeting of the War Industries Board held Thursday, December 20, 1917, at 10:00 A. M., in Room 54, C. N. D. Building

Present: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Mr. Frayne; Colonel Pierce; Mr. Bingham, Secretary.

Organization—Reading of the minutes.—The minutes of the meeting held Wednesday, December 19th, at 10 o'clock A. M., were read and approved.

Niagara Power—Request for suggestion from Mr. Bulkley as to proper action to be taken.—It was moved and carried that Mr. R. J. Bulkley be asked to prepare a statement suggesting the proper

actions to be taken to regulate the power supply in the United States with a view to handling the question as a whole.

Labor—Suspension of Section 8–A of New York State Labor Law for Northern Iron Company and Crucible Steel Company.—Mr. Frayne presented a communication dated November 20th from the Crucible Steel Company and Northern Iron Company dated August 16th referred to this Board for attention and requesting the suspension of Section 8–A of the State of New York Labor in their cases.

382 Mr. Frayne recommended that these requests for exemption be denied, which recommendation was concurred in by the Board, and it was ordered that the Chairman of the Council of National Defense be so advised.

Fuses—Order for 49 grain percussion primers for 75 m/m cartridge cases with United States Cartridge Company.—Mr. Brookings presented communications from the Purchase Section, Gun Division, Ordnance Department, dated December 14th, No. GPWO 211–504G, and GWPO 218–505G, and December 19th, No. GP 471.835/217, asking whether the War Industries Board knew of any reason why an order for 20,000,000 49-grain percussion primers for 75 m/m cartridge cases should not be placed with the United States Cartridge Company as given and on terms stated.

Under the advice of Mr. Brookings the Board could see no reason why such orders should not be placed.

T. N. T.—Royalty agreement with Flurscheim for manufacture of T. N. A.—Mr. Brookings presented a communication from the Gun Division, Ordnance Department, dated December 17th, No. GP 471.3694/43, submitting copy of proposed royalty agreement between that department and Bernard Jacques Flurscheim covering royalty payments for the manufacture of T. N. A., and asking the War Industries Board to submit their opinion as to the reasonableness of this agreement and the fairness of the compensation named.

383 Under the advice of Mr. Brookings the Board was of the opinion that the proposed agreement is equitable and just and that the peculiar conditions surrounding this explosive justify the Government in embarking on its manufacture in accordance with the preliminary report which was submitted last September.

The meeting adjourned at 11:45 A. M.

(Sgd.) H. P. BINGHAM, *Secretary.*

384 Meeting of the War Industries Board held Friday, December 21, 1917, at 10 A. M., in Room 54, C. N. D. Building

Present: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary.

Organization—Reading of the minutes.—The minutes of the meeting held Thursday, December 20th, at 10 o'clock A. M. were read and approved.

Chemicals—Contract with Alabama Power Company for supplying power to Sheffield, Alabama, nitrate plant.—Col. Joyes and Mr. Kuhn of the Ordnance Department were invited into the meeting to discuss terms of proposed contract with the Alabama Power Company to supply power to the Government ammonium nitrate plant at Sheffield, Alabama.

After consideration the Board approved the proposed arrangement as outlined in communication from Division T, Ordnance Department dated December 20th.

Chemicals—Additional powder for British for November and December 1918.—Mr. Brookings presented various communi-

385 cations from the British War Mission relative to an increased allotment to them of smokeless powder for the months of November and December 1918. The Board approved of the allotting to them of the amount they desire unless Col. Pierce and Admiral Fletcher could see any military reason why this should not be allowed.

The matter was accordingly referred to them for investigation.

Small Arms—Contract with Hero Manufacturing Company for incendiary bullets.—Mr. Brookings presented a communication from the Small Arms Division, Ordnance Department, dated December 18th, No. R 160/272, relative to the placing of an order for 26,000,000 incendiary bullets on terms given.

Under the advice of Mr. Brookings the Board could see no reason why such order should not be placed.

Trucks—Order for trucks with Pierce-Arrow Motor Car Company.—Mr. Brookings presented a communication from the Quartermaster General, War Department, dated December 8th, No. 451.2–Mtr, asking whether the War Industries Board knew of any reason why an order for 1,000 Pierce-Arrow 5-ton motor trucks should not be placed with the Pierce-Arrow Motor Car Company on terms stated.

Under the advice of Mr. Brookings the Board could see no reason why such order should not be placed.

Projectiles—Order with Harroun Motor Company.—Mr. Brookings presented a communication from the Purchase Section, Gun Division dated December 19th, No. GP 471.16/2779, asking

386 whether the War Industries Board could see any objection to placing proposed order with the Hirroun Motors Company for projectiles as given provided that company gave the expected evidence of their ability to complete contract.

Under the advice of Mr. Brookings the Board approved of the letting of proposed contract should the necessary assurances be presented.

Chemicals—Order for smokeless powder with Aetna Explosives Company.—Mr. Brookings presented a communication from the Purchase Section, Gun Division dated December 20th, No. GP 471.5/799, asking the approval of the War Industries Board of proposed order for 12,000,000 pounds of smokeless powder with the Aetna Explosives Company on terms stated.

Under the advice of Mr. Brookings the Board could see no reason why such order on terms outlined should not be placed.

Steel—Order for pig nickel with International Nickel Company.—Mr. Baruch presented a communication from the Purchase Section, Gun Division, dated December 12th, No. GP 470.17/88, relative to proposed order with International Nickel Company for 760,000 pounds of pig nickel.

Under the advice of Mr. Baruch, it was the decision of the Board that the Chief of Ordnance should place such order,

387 the price to be subject to the determination of the War Industries Board.

Labor—Offer of assistance from Sherman Service.—Mr. Frayne presented a communication from the Sherman Service, dated December 12th, offering assistance of Mr. Sherman to the Council of National Defense as an efficiency expert on labor mobilization. Mr. Frayne recommended that Mr. Sherman be advised that these subjects are being given careful consideration through the departments and special committees already formed and that an introduction of any change would only tend to upset these plans. This recommendation was concurred in by the Board.

Chemicals—Order for phosphorus with Oldbury Electro-chemical Company.—Col. Pierce presented a communication from the Purchase Section, Gun Division, dated December 12th, No. GP 471.85/142, advising the War Industries Board of an order placed with the Oldbury Electro-chemical Company for 3,000,000 pounds of crude white and amorphous phosphorus. Since the order was already placed, no action of the Board appeared to be desired, and the Secretary was instructed to simply acknowledge receipt of this communication.

Commandeering—Locomotive cranes.—Judge Lovett presented a communication from Mr. Vauclain recommending that certain locomotive cranes listed should be commandeered to assist unloading materials at eastern terminals. The Board approved of such action being taken, and the matter was referred to Mr. Willard, with power.

388 *Organization—War Credits Board of Ordnance Department.*—Col. Pierce presented for the information of the Board the personnel and organization of the War Credits Board of the Ordnance Department.

Chemicals—Shortage of chemicals in industries.—Mr. Baruch presented a communication from Mr. L. L. Summers, of his Division, advising of the extreme shortage of chemicals in industries, due to Government demand, and recommending that additional personnel be added to his Section to handle the situation. This recommendation was concurred in by the Board, and it was so ordered.

Chemicals—Procurement of site and use of process, etc., for manufacture of sodium cyanide.—Col. Pierce presented a communication from the Purchase Section, Gun Division. Ordnance Department, dated December 14th, No. GP 635.6/144, relative to the procurement of a site and use of process and designs of apparatus for the manufacture of sodium cyanide.

It was ordered that this communication be returned because of the fact that the information given is not sufficient to permit the Board to pass a judgment on the terms of the proposed arrangement and that attention be called to the fact that while the letter was dated December 14th, it was not received until December 20th.

The meeting adjourned at 12 o'clock noon.

(sgd.) H. P. BINGHAM,
Secretary.

389 **Special Meeting of the War Industries Board Held Saturday, December 22, 1917, at 10:00 A. M., in Room 54, C. N. D. Building**

Present: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Judge Lovett; Col. Pierce; Mr. Bingham, Secretary; also Mr. Davies of the Federal Trade Commission; Mr. Blauvelt of the Fuel Administration; and Mr. Replogle, Director of Steel Supply of The War Industries Board.

Steel—Price fixing.—The matter of a possible change in the price of coke was discussed with Mr. Blauvelt, and he assured the War Industries Board of the cooperation of the Fuel Administration should the price for coke be continued at the price previously agreed to, namely, $6.00 a ton, Connellsville District.

At this point Mr. Blauvelt retired from the meeting.

The cost data as prepared by the Federal Trade Commission was discussed with Mr. Davies and he was of the opinion that it be advisable to continue the present prices for a further period

390 of ninety days from December 31st, 1917, whereupon Mr. Davies withdrew. It was moved, seconded, and unanimously carried that the present prices previously fixed by agreement with the steel interests and approved by the President for ore, coke, pig iron, steel, and steel products be continued until March 31st, 1918, and that no contracts for delivery running beyond that date be entered into which fix specific prices.

Also that meanwhile the War Industries Board take up the question of proper organization to take over the output of the steel plants with a view of pooling their product or of operating their plants unless in the meantime some arrangement can be made to make either of these steps unnecessary.

The case of the Lukens Steel Company was discussed and the point brought out that in accordance with data submitted that company could not produce plates at the price fixed at a profit. Accordingly it was moved, seconded, and unanimously carried that investigation be made of the actual price the Lukens Company and other companies who claim that they are unable to produce at a profit at the prices fixed are receiving for the purpose of determining from the actual prices received and the profits so disclosed whether these companies can continue at the present prices or whether some other arrangement covering their specific cases should be made.

The meeting adjourned at 12:35 P. M.

(sgd.) H. P. BINGHAM,
Secretary.

391 **Special Meeting of the War Industries Board held Monday, December 24, 1917, at 11:00 A. M., in Room 54, C. N. D. Building**

Present: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Col. Pierce; Mr. Bingham, Secretary.

Organization—Reading of the Minutes.—The minntes of the meetings held Friday, December 21st, at 10 o'clock A. M., and Saturday, December 22nd, at 10 o'clock A. M., were read and approved.

Steel—Price fixing.—Mr. Willard presented a proposed communication to the President relative to recommendation of the Board covering price to be arranged for steel and its components up to April 1st, 1918, together with suggested public statement should the President agree to this arrangement.

The Board approved of this communication subject to the agreement by the steel interests of all terms of the arrangement proposed.

Chemicals—Experimental ammonium nitrate plant by Atlas Powder Company.—Col. Pierce presented a communication from the Purchase Section, Gun Division, dated December 20th, No.
392 GP 471.8691/98, asking whether the War Industries Board knew of any reason why an arrangement with the Atlas Powder Company for the construction and operation of an experimental ammonium nitrate plant on terms given should not be entered into.

Under the advice of Col. Pierce the proposed arrangement was approved subject to the approval of Mr. L. L. Summers and if the results obtained shall belong to the Government as well as the experimental plant.

Priority—priority of cranes.—Col. Pierce presented various communications having to do with the advisability of changing priority ratings of certain cranes as listed with a view of assisting the unloading of materials in France. His action in advising that no change in existing ratings be made was approved of by the Board.

Chemicals—Powder supply for British.—Col. Pierce advised of his action in approving the allotting to the British Government of 7,000,000 pounds of smokeless powder per month for November and December 1918. Accordingly it was ordered that this be done.

Chemicals—Need for production of raw materials entering into explosives.—A communication from Mr. B. M. Baruch advising the Board of the necessity for arranging for the production of raw materials entering into the production of explosives, was presented and duly noted.

Cantonment Contractors—contractors to undertake construction for Cantonment Division.—Col. Pierce presented the
393 following recommendations of the Committee on Emergency Construction for contractors to undertake construction work for the Cantonment Division as given:

1. Gallivan Building Company, Greenville, S. C.—addition to Coast Artillery Post at Charleston, S. C.

2. Irwin & Leighton, Philadelphia, Pa.—temporary buildings at General Depot, Q. M. Corps, Philadelphia, Pa.

Under the advice of Colonel Pierce the Board approved of these recommendations.

The meeting adjourned at 12:20 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

394 **Meeting of the War Industries Board held Wednesday, December 26, 1917, at 11:00 A. M., in Room 54, C. N. D. Building**

Present: Mr. Willard, Chairman; Mr. Brookings; Admiral Fletcher; Col. Pierce; Mr. Bingham, Secretary.

Organization—Reading of the minutes.—The minutes of the meeting held Monday, December 24th, at 11 o'clock A. M. were read and approved.

Machine guns—Price for spare parts.—A communication from the Machine Gun Committee dated December 19th recommending certain prices for spare parts as listed for the Lewis Machine gun purchased from the Savage Arms Corporation, was presented. The Board relying on the judgment of the Committee and because of its inability to consider the prices individually, approved the arrangement as given.

Aircraft Board—resolution covering authorized representatives.—A communication from the Aircraft Board dated December 21st attaching copy of a resolution adopted by that Board and approved by the Secretary of War and the Secretary of the Navy re-
305 questing that all departments and authorized boards of the Government recognize in aircraft matters only those officers whose standing is attested by the Aircraft Board of Washington through the joint Army and Navy Aircraft Committee in Paris was read for the information of the Board.

The meeting adjourned at 11:30 A. M.

(sgd.) H. P. BINGHAM, *Secretary.*

396 **Meeting of the War Industries Board held Thursday, December 27, 1917, at 10:00 A. M., in Room 54, C. N. D. Building**

Present: Mr. Willard, Chairman; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Col. Pierce; Mr. Bingham, Secretary.

Organization—Reading of the minutes.—The minutes of the meeting held Wednesday, December 26th at 11 o'clock A. M. were read and approved.

Army equipment—Water tube boilers.—Mr. Brookings presented a communication from Division T. Ordnance Department dated December 21st asking whether the War Industries Board could assist that department in the procuring of boilers for the United States nitrate plant No. 2 at Sheffield, Alabama.

Under the advice of Mr. Brookings it was ordered that the Ordnance Department be informed that only 17% of the boiler capacity of the Babcock & Wilcox Company was covered by priority certificates and that if the Ordnance Department would apply for priority certificates they could receive more prompt shipment of these boilers from that company than were anticipated.

397 *Chemicals—Purchase of powder from Hercules Powder Company.*—Mr. Brookings presented a communication from the Purchase Section, Gun Division, Ordnance Department, dated December 21st No. GP 471.5/811 asking whether the War Industries Board knows of any reason why an order for 30,000,000 lbs. of

water-dried nitrocellulose powder should not be placed with the Hercules Powder Company on terms as stated.

Under the advice of Mr. Brookings the Board, taking the emergency nature of the powder needs of the Government into consideration, could see no reason why the order as outlined should not be placed.

Gun Carriages—Wheels for escort wagons.—Mr. Brookings presented a communication from the Quartermaster General dated December 21st No. 451.7–R (General) attaching correspondence relative to complaint of the Kelsey Wheel Company and the Prudden Wheel Company in connection with machinery they had installed for the manufacture of wheels for escort wagons.

Under the advice of Mr. Brookings it was ordered that the Quartermaster be informed that as the contracts were made for the completed wagon, the Board cannot see what the Government had to do with these wheel concerns, especially as Col. Wood declares that the Government did not invite them to put in machinery and bid on the orders.

398 *Commandeering—Lime Kilns which were to be shipped to Norway.*—Mr. Brookings presented a communication from Division T., Ordnance Department, dated December 24th, asking whether the Board approves the proposed commandeering of three lime kilns now manufactured for shipment to Norway.

Under the advice of Mr. Brookings the Board recommended that the kilns be commandeered for use in the Sheffield nitrate plant as suggested.

The meeting adjourned at 11:00 A. M.

(sgd.) H. P. BINGHAM, *Secretary.*

399 Special Meeting of the War Industries Board held Friday, December 28th, at 10:00 o'clock A. M., in Room 52 of the C. N. D. Building

Present: The War Industries Board: Mr. Willard, Chairman; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Judge Lovett; Mr. Bingham, Secretary; also Mr. Davies, of the Federal Trade Commission; Mr Blayalt, of the Fuel Administration; Mr. Replogle, of the Raw Materials Division; Mr. Legge, of the Raw Materials Division. The following Representatives of the Steel Industry: E. H. Gary, Chairman United States Steel Corp., New York, N. Y.; J. A. Farrell, President United States Steel Corp., New York, N. Y.; J. A. Topping, Chairman Republic Iron & Steel Co., New York, N. Y.; E. A. S. Clark, President Lackawanna Steel Co., New York, N. Y.; J. A. Burden, President Burdon Iron Co., Troy, N. N.; E. C. Grace, President Bethlehem Steel Co., South Bethlehem, Pa.; A. C. Dinkey, President Midvale Steel & Ordnance Corp., Philadelphia, Pa.; E. A. Dalton, of Pickands Mather & Co., Cleveland, Ohio; W. J. Gilbert, Comptroller, United States Steel Corp.; New York, N. Y.; J. B. Bowmer, Vice Chairman American Iron & Steel Institute, Washington; Willis L. King, Vice President Jones & Laughlin Steel Co., Pittsburgh, Pa.

400 *Steel—Price fixing.*—Mr. Willard read proposed statement for the press, giving the decision of the Board as connected with the fixing of the price of steel, and which the Board was willing to put into effect should it meet the views of the steel industry. He also outlined the reasons for the inclusion in the proposed agreement of clause stipulating that no contract should be entered into for delivery of materials after April 1st, 1918, specifying price. Judge Gary discussed this question and stated that he would prefer to have a general discussion of the question before an entire representation of the steel industry.

The meeting adjourned at 11:30 A. M. to reconvene at 2:00 P. M.

The meeting reconvened at 2:00 P. M. with the same present except Mr. Alexander Legge.

After discussion an agreement was reached as is expressed in the following statement, which was ordered made public at once.

The President today approved the recommendation of the War Industries Board that the maximum prices heretofore fixed by the President upon the recommendation of the Board upon ore, coke, pig iron, steel and steel
401 products subject to the revision on January 1, 1918, be continued in effect until March 31st, 1918. No new contracts calling for delivery of any of said commodities or articles on or after April 1, 1918, are to specify a price unless coupled with a clause making the price subject to revision by any authorized United States Government agency, so that all deliveries after that date shall not exceed the maximum price then in force, although ordered or contracted for in the meantime. It is expected that all manufacturers and producers will observe the maximum prices now fixed.

Commandeering—Machinery needed for Manufacture of 8 m/m French and .30 Caliber Cartridges.—A communication from the Small Arms Division, Ordnance Department, dated December 27th, addressed to the Secretary of War and asking his approval of action requisitioning machinery needed for manufacture of 8 m/m French and .30 caliber cartridges referred to the War Industries Board by the Secretary for approval, was presented. It was ordered that the Secretary of War be advised that the War Industries Board approved of such action being taken.

The meeting adjourned at 3:00 P. M.

(sgd.) H. P. BINGHAM, *Secretary.*

402 Meeting of the War Industries Board held Wednesday, January 2, 1917, at 10:00 A. M., in Room 54, C. N. D. Building

Present: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Judge Lovett; Mr. Bingham, Secretary.

Organization—Reading of the minutes.—The minutes of meeting held Thursday, December 27th, at 10 o'clock A. M. and Friday, December 28th, at 10 o'clock A. M., were read and approved.

Chemicals—Order for cartridge cloth with Allied Silk Trading Corporation.—The action of Mr. Brookings in approving contract for 6,900,000 yards of cartridge cloth with the Allied Silk Trading Corporation to be purchased by the Purchase Section, Gun Division, Ordnance Department, as outlined in their letter of December 6th, No. GP 423.71/258, was approved by the Board.

Artillery Forgings—Order for 155 m/m guns with Bullard Engineering Works.—The action of Mr. Brookings approving proposed

contract between the Purchase Section, Gun Division, Ordnance Department and the Bullard Engineering Works for 800 155 m/m
403 guns outlined in their letter of December 20th, No. GP 472.16/80 was approved by the Board.

Artillery Forgings—Order for 9.2" Howitzers with Bethlehem Steel Company.—The action of Mr. Brookings in conditionally approving contract between the Carriage Division, Ordnance Department, and the Bethlehem Steel Company for 100 9.2" howitzers and carriages outlined in their communication of December 18th, No. CF 473.2/20, was approved by the Board.

Intelligence—Attitude of Swiss manufacturers.—A communication from the State Department dated December 26th, attaching copy of telegram received from the American Consul at Geneva, Switzerland, outlining the attitude of Swiss munition manufacturers towards manufacturing munition for the Central Powers, was read for the information of the Board.

Optical Glass—Range finders and B. C. Telescopes with Bausch & Lomb Optical Company.—Mr. Brookings presented a communication from the Carriage Division, Ordnance Department, dated December 18th, No CF (14) 473.814, asking whether the War Industries Board had any objection to the placing of an order for certain range finders and B. C. telescopes as listed with the Bausch & Lomb Optical Company.

Under the advice of Mr. Brookings the Board could see no reason why such order should not be placed, the price at this time not being determined.

404 *Commandeering—Block tin.*—Proposed commandeering orders for 1,500 slabs of block tin alleged to belong to the Incasso Bank of Amsterdam, Holland, and to be in the custody of the Hanover National Bank of New York City and also proposed commandeering order for 500 slabs of block tin alleged to belong to the Netherlands Trading Company of Amsterdam, Hollard, and to be in the custody of the National City Bank of New York City, were presented from the Secretary of War for the consideration of the Board.

Under the advice of Mr. Baruch the proposed commandeering orders were approved of.

Chemicals—Order for 30,000,000 pounds of smokeless powder from the Hercules Powder Company.—Mr. Brookings presented a communication from the Purchase Section, Gun Division, Ordnance Department dated December 29th relative to order for 30,000,000 pounds of smokeless powder to be placed with the Hercules Powder Company and recently approved by the Board at the price of 63¢ per pound and advising that the proposed price had been changed to 70¢ per pound.

Under the advice of Mr. Brookings the Board approved of the amended contract with the opinion that while the Board considers 70¢ a high price and that as 7¢ per pound charged was for amortization of a new plant, that this should have been so shaped that this plant paid for by the Government in price should have been
405 the property of the Government, but that, however, as Captain Peters reports, it was impossible to secure this and that it was neither necessary to pay the 70¢ per pound or go without this

powder, and that having had nothing to do with the negotiations and acting only on Captain Peters' statement of the case and considering its emergency nature, the Board can see no reason why the contract should not be made.

Chemicals—Action to secure necessary raw materials for explosives programs.—Mr. Willard was asked to form a communication to the Secretary of War making definite recommendations as to actions to be taken to secure the necessary amount of raw materials to carry out the explosives program and to submit this communication to the Board for approval.

Chemicals—Request for assistance in securing explosives from Ordnance Departments.—A communication from the Purchase Section, Gun Division, Ordnance Department dated December 26th, No. GP 023.1/138, asking the War Industries Board for advice as to a general policy for providing additional capacity for military high explosives, was presented and referred to the Special Explosives Committee of this Board for attention.

Allies Cooperation.—Admiral Fletcher presented a communication from the State Department dated December 27th attaching communication from the Danish Legation asking to be furnished
406 with regulations and specifications of American armour plate and Navy shells for the testing of such plate. It was ordered that the State Department be advised that the question involves the giving of technical military information to a foreign government, which it is thought should alone be furnished by the Secretary of the Navy.

Copper—Price fixing.—Wednesday, January 9th at 10 o'clock A. M. was set aside for the discussion of the price fixing of copper.

The meeting adjourned at 12:30 P. M.

(Sgd.) H. P. BINGHAM, *Secretary.*

407 Meeting of the War Industries Board held Thursday, January 3, 1918, at 10:00 A. M., in Room 54, C. N. D. Building

Present: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. H. P. Ingels, Acting Secretary.

Organization—Reading of the minutes.—The minutes of the meeting held Wednesday, January 2nd, at 10 o'clock A. M., were read and were approved with slight modifications.

Cantonment contractors—contractors to undertake construction for Cantonment Division.—A recommendation dated December 28th from the Committee on Emergency Construction naming P. F. Gormley Company, Washington, D. C., as the contractor for the construction of the Cantonment at Belvoir, Va., was approved by the Board with the understanding that the terms of the contract were in accordance with the general form of emergency contracts as previously approved by the Board.

Emergency construction (telephone building for War Department, Washington, D. C.).—A recommendation dated Decem-
408 ber 28th from the Committee on Emergency Construction naming Michael A. Weller, as the contractor for building a telephone building for the War Department, Washington, D. C., was

approved by the Board with the understanding that the terms of the contract are in accordance with the general form of emergency contracts as previously approved by the Board.

Steel—Price fixing.—Mr. Replogle was called in to discuss differential prices. He read Judge Gary's letter dated December 3rd to the Board and also submitted a general schedule. After some discussion it was agreed to withhold a decision for further consideration of the Board.

Steel—Shortage of fuel.—Mr. Replogle's letter of January 2nd addressed to Mr. Willard wherein he made a survey of the conditions now existing in the more important steel plants due to lack of fuel, was read to the Board.

Mr. Replogle was instructed to rewrite the letter, omitting the recommendations.

It was moved by Judge Lovett and duly seconded that Mr. Willard advise with Mr. McAdoo and Mr. Garfield asking for an order to relieve the situation.

Chemicals—Additional plants to produce ammonium nitrate, etc.—A letter dated January 3rd from Mr. Willard to Secretary Baker was presented, recommending the construction of additional
409 plants to produce—

(a) a plant similar in size and capacity to the one now under construction at Muscle Shoals to produce 110,000 tons of ammonium nitrate per year.
(b) a sulphuric acid plant of 500,000 tons capacity.
(c) a plant for producing picric acid costing approximately $30,000,000.
(d) a plant for producing TNT costing approximately $30,000,000.

This letter was approved by the Board with the understanding that Mr. Willard would forward it at once to Secretary Baker.

Emergency Construction—Barges and Lighters.—Letter from Committee on Emergency Construction dated December 28th together with letter and copy of report from the Cantonment Division regarding plan formulated for construction of Barges and Lighters was submitted to the Board. The Board approves of the action of the Emergency Construction Committee in participating in the conferences called for the purpose of determining as to a satisfactory form of contract.

The meeting adjourned at 12:50 P. M.

(Sgd.) H. P. INGELS, *Secretary.*

410 **Meeting of the War Industries Board held Friday, January 4, 1918, at 11:00 A. M., in Room 54, C. N. D. Building**

Present: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Judge Lovett; Mr. Ingels, Acting Secretary; also Dr. Haney and Mr. Eckert of the Federal Trade Commission; Mr. W. A. Bostwick, President of the International Nickel Company; Mr. Pope Yeatman, Consulting Engineer; Mr. Eugene Meyer, Jr.

Nickel—Price fixing.—Mr. Baruch stated that the Secretary of the Navy requested the Board to consider the question of fixing a maximum price for nickel.

Mr. Bostwick stated that his company, the International Nickel Company, produced approximately 60,000,000 pounds per year at

their Bayonne, N. J., refinery; that the various copper smelters produced approximately 1,500,000 pounds and the U. S. Nickel Company approximately 3,000,000 pounds. About 60% of the capacity of his company is covered by long-time contracts.

411 After considering the question of fixing prices, it was moved by Judge Lovett, seconded by Mr. Brookings, and duly carried that the Board pass the following resolution:

Resolved, After considering the matter of fixing a maximum price for nickel, the Board does not think it necessary to fix a price at this time.

A copy of this resolution was ordered sent to Mr. Baruch with the understanding that he would so advise the Secretary of the Navy.

Chemicals—Explosives—Crude T. N. T.—Mr. Brookings presented a memorandum dated December 26th No. GP 471.868/518 from the Purchase Section, Gun Division, Ordnance Department regarding a proposed contract with the Hercules Powder Company for the manufacture of 42,000,000 pounds of crude T. N. T. at their plant at Hercules, California.

The placing of this contract was approved subject to the following conditions as outlined by Mr. Brookings:

The War Industries Board again calls attention to the fact that, having had no part in any of the negotiations with the Hercules Powder Company, is not prepared to say that this contract is the best that could have been made in the Government's interest. Based upon the recognized emergency need of the Government, however, for crude T. N. T., we see no reason why this contract should not be made with the changes proposed i. e., 1st, a reduction of con-
412 struction compensation from 10% to 8%, as explained in Col. Pierce's Communication; 2nd, that an option of purchase of the land on which the plant stands should be required, as it distinctly against the Government's interests to expend the sum of Five million dollars on a self-contained independent plant without making any provisions for the ownership of the land on which it stands; and 3rd, that provision has been made to supply said plant with an adequate quantity of toluol as recommended by Mr. Summers.

Projectiles—British 9.2" shell forgings and adapters.—Mr. Brookings presented to the Board a memorandum dated December 29th, No. GP 471/17/224, from the Purchase Section, Gun Division, Ordnance Department, covering the base price upon which to order 60,000 British 9.2" shell forgings and adapters.

The Board approved these prices subject to the following conditions:

As the War Industries Board have had no opportunity of participating in this negotiation, it is impossible to say whether or not the Government's interests have been as fully protected as possible in the matter of price. From statements made, however, as to the emergency needs of the Government, we know of no reason why this contract should not be made.

The meeting adjourned at 12:30 P. M.

(sgd.) H. P. INGELS, *Acting Secretary.*

413 **Meeting of the War Industries Board held Wednesday, January 9, 1918, at 10 A. M., in Room 54, C. N. D. Building**

Present: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Mr. Frayne; Admiral Fletcher; Judge Lovett; Mr. Ingels, Acting Secretary; also Mr. Arthur A. Davis, President of The Aluminum Company of America.

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Organization—Reading of the minutes.—The minutes of the meeting held Friday, January 4th, at 10 o'clock A. M., were read and approved.

Chemicals—Construction of fixation plants.—Mr. Willard stated that he had talked to the Secretary of War and that plans were under way to proceed with the program as outlined by the Board and that the Board would be advised later as to progress being made.

Gun Carriages—305 m/m railway mounts.—A communication from the Carriage Division dated December 21st, No. 453.12–Schneider, regarding the placing of an order for 36 305-m/m railway mounts with the Harrisburg Manufacturing and Boiler
414 Company of Harrisburg, Pa., was submitted to the Board and based upon Mr. Vauclain's report of January 4th, the Board sees no objection to the placing of the contract as proposed.

Copper—Price fixing.—After some discussion it was decided that the same price (23½¢) and conditions as already approved by the President shall be in effect until June 1st, 1918.

During the discussion of this price, consideration was given to a number of letters submitted by Mr. Baruch, regarding increased costs of production and also given to the effect of this price of copper on wages possible to pay labor.

Aluminum—Price fixing.—Mr. Arthur V. Davis, President of the Aluminum Company of America appeared before the Board and gave information as to the production of his plant, their sales policy, and their costs of production. He advised that his company was now producing approximately 150,000,000 pounds per annum at a present production cost of approximately 17½¢ per pound.

After some discussion it was decided to defer any definite action until after Mr. Davies of the Federal Trade Commission could appear before the Board and report on the findings of the investigation of the Federal Trade Commission as to the production costs of the Aluminum Company of America.

Mr. Davies being absent from the city, Commissioner John Franklin Fort and Mr. Murdock were requested to appear before the Board on Thursday morning, January 10th at 10 o'clock A. M.

Cantonment contractors—Recommendations for construction
415 *for Cantonment Division.*—The following recommendations from the Committee on Emergency Construction were submitted to the Board:

1. Purdy & Henderson Company, New York—Construction of Camp near San Juan, Porto Rico.

2. Weston & Kroeger, San Antonio—Construction of cantonment building at Leon Springs, Texas.

The Board approved these recommendations with the understanding that the terms of the contract are in accordance with the general form of emergency contracts as previously approved by the War Industries Board.

Resignations.—(a) Mr. H. P. Bingham's resignation dated January 7th was submitted to and accepted by the Board. The Board passed the following resolution:

416 Whereas Lieut. H. P. Bingham, who served voluntarily as Secretary of the War Industries Board since August 1, 1917, has tendered his resignation in order that he may accept service as Lieutenant of Artillery in France:

Resolved, That the Board accepts with regret Lieut. Bingham's resignation, and desires at the same time to give expression to its appreciation of the loyal and efficient manner in which he has performed the duties of Secretary and the patient and unfailing courtesy with which he has responded to all the requests of the Board or individual members thereof; and

Resolved further, That the Board desires to extend to Lieutenant Bingham its congratulations upon the larger opportunity for service which has come to him, and its best wishes for his safe return; and

Resolved further, That a copy of these resolutions be suitably inscribed and sent to Lieut. Bingham's family because of his absence.

(b) Mr. M. C. Tuttle's resignation dated January 4th as a member of the Emergency Construction Committee was submitted to and accepted by the Board, suitable acknowledgment of the same to be made.

The meeting adjourned at 12:35 P. M.

(sgd.) H. P. Ingels, *Acting Secretary.*

417 Meeting of the War Industries Board held Thursday, January 10, 1918, at 10 o'clock A. M., in Room 54, C. N. Bldg.

Present: Mr. Willard; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Ingels, Acting Secretary.

Organization—Reading of the minutes.—The minutes of the meetings held January 3rd at 10 o'clock A. M. and January 9th at 10 o'clock A. M. were read and approved.

Eddystone Ammunition Corporation (Purchase of machinery and equipment).—A communication dated December 28th from the Purchase Section, Gun Division, Ordnance Department War-Ord-GA 105–106, together with other papers regarding this transaction, was submitted by Mr. Brookings.

The Board sees no reason why the Ordnance Department should not complete the contract mentioned therein. A copy of Mr. Vauclain's letter was ordered sent to the Ordnance Department, as it indicates that their Legal Department should see that certain
418 arrangements are completed before the payment of any money.

Aluminum—Price fixing.—After further discussion as to the fixing of a maximum price for aluminum, Mr. Baruch and Mr. Brookings were instructed by the Board to make further investigation as to the conditions now prevailing in England covering the purchase of aluminum and to report their findings to the Board on Wednesday, January 16th, on which day this question will be considered.

Commandeering—(Various goods held in storage for neutral merchants).—A memorandum from Mr. Richard Ely, Assistant Director of the War Trade Board, addressed to Mr. Frayne, together with copy of reports concerning various goods held in storage for neutral merchants, was submitted for the information of the Board and ordered filed.

Labor—(Miami, Oklahoma).—A memorandum dated January 10th, from Representative Scott Ferris, addressed to Mr. Frayne, together with correspondence relative to the conditions and exemptions at Miami, was submitted for the information of the Board and ordered filed.

Labor—Conditions at Girard Worsted Company, Philadelphia.—A memorandum from Mr. Hugh Frayne addressed to the War Industries Board dated January 10th, together with a copy of a letter from the Girard Worsted Company, dated December 27, 1917, was submitted for the information of the Board and ordered filed.

419 *Chemicals—Acetone contract with the United States Industrial Chemical Company, Inc.*—Mr. Baruch submitted a letter from the Office of the Chief Signal Officer dated January 3rd outlining the essential terms of the above contract. After some consideration this matter was referred to Mr. Baruch with full authority to act.

Chemicals—(Molasses for manufacture of alcohol).—Mr. Baruch submitted to the Board a letter dated January 7th from Mr. Summers calling attention to the fact that the United States Industrial Alcohol Company is allied with interests which control the molasses importation into the United States, in which letter he suggests that some arrangement be made to control the price. After some consideration the Board referred this matter to Mr. Baruch with full power to act.

Projectiles—(Comparison of French and American 75 m/m HE shells).—For the information of the Board Col. Pierce stated that he had had a conference on January 9th with certain members of the French Purchasing Commission and Major Jamieson of the Ordnance Department, at which meeting the French outlined what they considered certain advantages of their 75 m/m HE shell over the American 75 m/m, due to steel specifications, design, method of manufacture and tests, stating that they were fearful that a large number of prematures would occur when our shells were put into use.

The Board expressed deep concern and requested Mr. Willard to consult with the Secretary of War regarding this matter.

420 *Priority—Rules and regulations regarding Priorities Division.*—A copy of the rules and regulations of the Priorities Division, dated January 1st, together with memorandum, dated January 8th, giving personnel of the Priorities Division, were submitted to the Board. It was ordered that copies of the same be made and handed each member for his information.

The meeting adjourned at 12:55 P. M.

(sgd.) H. P. Ingels, *Acting Secretary.*

421 **Meeting of the War Industries Board held Friday, January 11, 1918, at 10 o'clock A. M., in Room 54, C. N. D. Bldg.**

Present: Mr. Willard, Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Judge Lovett; Col. Pierce; Mr. Ingels, Acting Secretary.

Organization—Reading of the minutes.—The minutes of the meeting held Thursday, January 10th, at 10 o'clock A. M., were read and approved.

Machine guns—Royalty to be paid Col. Lewis.—Major Little read his letter dated January 11th addressed to Mr. R. M. Calfee, attorney for Col. Lewis, wherein he discussed the amount of royalty to be paid Col. Lewis.

After some discussion as to what would be a fair compensation for the use of the Lewis patents, it was moved, duly seconded, and carried

that Major Little be instructed to forward his letter to Mr. Calfee advising him that the original proposition made dated December 21st must be adhered to and that he (Mr. Calfee) be asked for a prompt acknowledgment of the receipt of this letter, and that proper

422 arrangement should be made to protect the Savage Arms Company, Major Little to consult with our Legal Department for their advices as to proper procedure.

Lumber—Complaints of Retail Lumber Dealers Association of New York.—Mr. Willard advised that representatives of the above association had this day called on him to confer with him regarding a development of a satisfactory method to compensate retail lumber dealers for lumber purchased and in some instances commandeered by the Quartermaster Department.

Mr. Edgar of the Lumber Committee was called in to explain the situation in detail. By action of the Board the matter was referred to Mr. Baruch.

Rifles—Contract with Eddystone Ammunition Corporation.—Col. Samuel McRoberts and Mr. Vauclain were called in to discuss proposed additional allotment of 250,000 rifles to be placed with the above company. Col. McRoberts called attention to the fact that the Eddystone Ammunition Corporation were being taken over by the Medvale Steel & Ordnance Company and that this contract instead of being placed on a basis of cost plus 10%, will be placed on a basis of a fixed profit of $2.73 per rifle; that an agreement had been reached whereby the same terms would apply to the 450,000 rifles now being manufactured by the Eddystone Ammunition Corporation, or in other words, the 700,000 rifles to be manufactured at this plant will all be furnished on a basis of a flat profit of $2.73 each.

423 In view of the above conditions it was moved, seconded, and duly carried that the Board sees no reason why this order should not be placed.

The meeting adjourned at 12:50 P. M.

(sgd.) H. P. Ingels, *Acting Secretary.*

424 **Meeting of the War Industries Board held Wednesday, January 16, 1918, at 10 A. M., in Room 54, C. N. D. Building**

Present: Judge Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Mr. Ingels, Acting Secretary.

Organization—Reading of the minutes.—The minutes of the meeting held Friday, January 11th, at 10 o'clock A. M., were read and approved.

Wagons—(Prices of wheels for escort wagons).—Mr. Brookings submitted to the Board the prices as outlined in Mr. Parsonage's memorandum, dated January 11th, to Mr. Brookings, together with a memorandum from the Depot Quartermaster at Jeffersonville, dated January 5th, quoting prices covering wheels for escort wagons.

The Board sees no reason why orders at these prices should not be placed.

Machine Guns—(Machine Gun Carts).—Mr. Brookings submitted a memorandum from the Carriage Division, Ordnance Department,

dated January 10th, requesting the approval of an invoice to the amount of $2,278.97 covering cost of preparation of drawings
425 and sample machine guncarts at the works of the John Deere Wagon Company, Moline, Illinois.

The Board is of the opinion that this invoice should be paid.

Emergency Construction—Recommendations for construction work for Cantonment Division.—The following recommendations from the Committee on Emergency Construction were submitted to the Board:

1. Aberthaw Construction Company, Boston, Mass., construction of building at New Britain, Conn.
2. McKenzie Building Company, Augusta, Georgia, construction of Ordnance Storehouse and Barrack Buildings at Augusta, Ga.
3. William E. Hampton Company, Los Angeles, Cal., construction work on North Island, San Diego Harbor, Cal.
4. Mackel Construction Company, Atlanta, Georgia, Mechanical Repair Shop at Atlanta, Ga.

The Board approved these recommendations with the understanding that the terms of the contracts are in accordance with the general form of emergency contracts as previously approved by the War Industries Board.

Steel (Production Charts).—Mr. Baruch called the attention of the Board to the complete production charts now being kept by his Steel Division, and he was requested by the Board to submit each week a consolidated chart with curves showing the production
426 of the more essential steel products, such as ship plates, shell steel, etc.

Labor.—Mr. Frayne read a telegram from the Munitions and Stage Employees of New York protesting against the closing down of theaters. The Board was of the opinion that this matter comes wholly under the jurisdiction of the Fuel Administrator. No action taken.

Chemicals—Smokeless powder for Belgium.—The Board approved the recommendation allotting 950 tons of smokeless powder to Belgium.

Chemicals—Increased allotment for French.—The Board approved the recommendation that the allotment of smokeless powder for the French be increased from 5,500,000 pounds to 8,000,000 pounds per month, deliveries commencing June and extending through the balance of 1918.

Priority—Telephone and telegraph companies.—A letter of January 2nd, addressed to the Council of National Defense and signed by Messrs. Theodore N. Vale, N. C. Kingsbury, Newcombe Carlton, and F. B. MacKinnon, was submitted to the Board and referred to Judge Lovett with the understanding that their request for priority of materials was entirely in line and would receive due consideration, but that the question of plant extension and development of service was entirely up to themselves.

The meeting adjourned at 11:10 A. M.

sgd. H. P. INGELS,
Acting Secretary.

427 **Meeting of the War Industries Board held Thursday, January 17, 1918, at 10 A. M., in Room 54, C. N. D. Building**

Present: Judge Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Col. Pierce; Mr. Ingels, Acting Secretary.

Organization—Reading of the minutes.—The minutes of the meeting held January 16th were read and approved.

Emergency Construction—Recommendations for construction work for Cantonment Division.—The following recommendations from the Committee on Emergency Construction were submitted to the Board:

1. Storage and Terminal Facilities, Port of Newport News, Norfolk, recommending Porter Brothers, Detroit, Michigan.
2. Mechanical Repair Shop at Baltimore, Maryland, recommending Edward L. Scheidenhelm Company, Chicago, Illinois.

The above recommendations were approved, with the understandin gthat this work will be covered by the same general form of emergency construction contract as previously approved by the Board.

428 *Gun Carriages—Antiaircraft auto-trailer carriages and antiaircraft truck mounts.*—A memorandum from the Carriage Division, dated January 11th, regarding a proposed order covering 612 auto-trailer carriages for 3" antiaircraft gun and 51 antiaircraft truck mounts to be placed with the New Britain Machine Company, was submitted.

The Board sees no reason why this contract should not be placed.

Gun Carriages—(Sights for antiaircraft carriages).—Mr. Brookings submitted a memorandum from the Carriage Division, dated January 11th, regarding a proposed order to be placed with the New Britain Machine Company covering 500 sights for antiaircraft carriages, Model of 1917.

The Board sees no reason why this contract should not be placed.

Leather Administrator.—After some discussion regarding the advisability of creating a department to handle hides, leather, and leather goods, it was moved and duly seconded and carried that Mr. Brookings should proceed to organize a leather department to handle matters pertaining to hides, leather, and leather goods and that he should address a letter to the Secretary of War advising him as to what was being done in the premises.

429 *Commandeering (Materials in storage).*—After some discussion it was agreed that Mr. Baruch and Mr. Brookings should handle all matters pertaining to the commandeering of materials now in storage, Mr. Frayne to turn over to them all papers he now has in his possession bearing on this subject.

At this point Mr. Eugene Meyer, Jr., Mr. Pope Yeatman, and Dr. Lewis Haney, of the Federal Trade Commission, were invited into the meeting.

Copper—Price fixing.—Mr. C. F. Kelley, of the Anaconda Copper Company; Mr. R. L. Agassiz, of the Calumet & Heclar Company; Mr. Sidney Jennings, of the U. S. Smelting and Refining Company; Mr. Joseph Clendenning, of the American Smelting and Refining Company; and Mr. L. Vogelstein, of the L. Vogelstein & Company,

were also invited into the meeting to discuss the fixing of a price for copper.

After lengthy and detailed discussion by some of these gentlemen regarding costs of production, it was decided that no definite action should be taken until after the Board has given this further consideration.

The meeting adjourned at 12:55 P. M.

(sgd.) H. P. INGELS,
Acting Secretary.

430 **Meeting of the War Industries Board held Thursday, January 17, 1918, at 3:30 o'clock P. M., in Room 54, C. N. D. Bldg.**

Present: Judge Lovett, Acting Chairman; Mr. Baruch, Mr. Brookings, Admiral Fletcher, Mr. Frayne, Col. Pierce, Mr. Ingels, Acting Secretary; also Mr. Eugene Meyer, Jr.; Mr. Pope Yeatman, Dr. Haney, Federal Trade Commission.

Copper (Price Fixing).—The Representatives of the Copper industry were called in and advised that the Board had decided that the same maximum price (23½¢) should stand until June 1st. 1918. This price to be f. o. b. New York, submitted to the President for his approval on January 21st, 1918. For general conditions as outlined in announcement see page 433

Zinc—(Price Fixing).—The following representatives of the Zinc producers were called in: Sidney J. Jennings, U. S. Smelting Refining & Mining Co.; C. D. Kelley, Anaconda Copper Mining Co.; Mr. Clendenin, American Smelting and Refining Co.; Mr. L. Vogelstein, Arkansas Zinc Smelting Corp.; A. P. Cobb, New Jersey Zinc Co.; Edgar Palmer, New Jersey Zinc Co.; H. S. Wardner, New
431 Jersey Zinc Co.; C. M. Loeb, American Metal Co.; A. G. Mackenzie, Judge Mining & Smelting Co.; Otto Frahnknecht, Bier. Southsemer & Co.; James A. Nelson, National Zinc Co.; W. H. Naugle, Electric Zinc Co.; E. H. Wolff, Illinois Zinc Co.; H. H. Roseman, The Hegeler Zinc Company; S. Siegel, The Eastern Zinc Refining Co., Inc.; S. S. Suthill, American Spelter Corporation; Ravenel Macbeth, Idaho Mining Association; J. H. Dietz, Ft. Smith Spelter Co.; Wm. A. Cook, Matthesson & Hegeler Zinc Co.; H. Lissberger, Trenton S. & R. Co., Trenton, N. J.; Oscar M. Sayman, Michael Sayman & Co., Buffalo, N. Y.; Max Marshovitz, M. M. S. Metal Co., Trenton, N. J.; J. R. Wettstein, United Lead Co., New York; U. W. Bakyowsk, Athletic Productive, W. Joplin, Mo.; Chas. W. Baker, Amer. Zinc, Lead & Smelting Co.; W. A. Orgg, Amer. Zinc, Lead & Smelting Co.; N. H. Schwenk, General Smelting Co.; Y. Lewis Thomas, General Smelting Co.; E. W. Furst, Grasselli Chemical Co.; Arthur Day, United Zinc Smelting Co.; Wm. Kenefick, Kenefick Zinc Co., American Zinc Products Co.; J. H. Dietz, American Zinc Products Co.

Mr. Palmer, of the New Jersey Zinc Company, stated that the pre-war prices for grade A metal was from 8 to 11 cents per pound; that after war was declared and that prior to the time the United States entered the war, this price ranged from 40 to 60 cents. The first lot of grade A metal was furnished this Government at 11½¢ per

pound. The apportionate total production of grade A zinc at the present time is 72,000 tons per year; of this amount the New
432 Jersey Zinc Company produces 36,000 tons, and the Anaconda Copper Company produces 36,000 tons.

Mr. Kelley, of the Anaconda Copper Company, stated that there was usually a differential of about 3½ cents between the price of prime Western and that of grade A metal, and that the present price of prime Western would be about 10 cents per pound, and that he thought a fair price would be about 13½ cents per pound.

Mr. Wettstein, of the United Lead Company, stated that the Government was specially interested in grade A metal, and that to meet the Government's specifications, grade A metal can only be produced by refining virgin metal and not by redistilling.

Mr. Loeb, of the American Metal Company, stated that his company had been furnishing a considerable tonnage of grade A metal to the Government, which was produced by redistilling a lower grade metal, and that the conversion costs for this redistillation ranged from 2½¢ to 3 cents per pound.

At this time the discussion of the prices of sheet zinc was started.

Mr. William A. Cook, of Matthessen & Hegeler Zinc Company, stated that the price set by the Government for sheet zinc was 16 cents.

Dr. Haney, of the Federal Trade Commission, stated that
433 the spread between the spelter and that of sheet was too great.

Mr. Palmer, of the New Jersey Zinc Company, read Mr. Lang's report, wherein he stated that at the present time one-twelfth of the production was required directly by the Government. This, however, does not include the sheets used by the DuPont Company and other explosive manufacturers as liners. He further stated that the prices for plates are normally about four cents above that of spelter.

The representatives of sheet manufacturers were requested to hold themselves in readiness for a further discussion by the Board.

The meeting adjourned at 5:10 P. M.

(sgd.) H. P. INGELS, *Acting Secretary.*

433a The President today approved the recommendation of the War Industries Board that the maximum price for copper fixed upon its recommendation by the President, and announced September 21, 1917, be continued in effect upon the same conditions until June 1, 1918. This is to say the maximum price to be twenty-three and one-half cents per pound f. o. b. New York, subject to revision after June 1, 1918, upon the conditions, first, that the producers will not reduce the wages now being paid; second, that the producers will sell to the Allies and to the public copper at the same price paid by the Government and take the necessary measures under the direction of the War Industries Board for the distribution of the copper, to prevent it from falling into the hands of speculators who would increase the price to the public; and, third, that the producers pledge themselves to exert every effort necessary to keep up the production of copper to the maximum of the past, so long as the war lasts.

434 **Meeting of the War Industries Board, held Friday, January 18, 1918, at 10 A. M., in Room 54, C. N. D. Building**

Present: Judge Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Mr. Ingels, Acting Secretary.

Organization—Reading of the minutes.—The minutes of the meeting held Thursday, January 17th, were read and approved.

Zinc—(a) Price fixing.—After giving due consideration to all the information submitted by the zinc manufacturers at the meeting held yesterday, January 17th, it was decided that a maximum price of 12¢ per pound for Grade "A" metal should prevail for four months—January, February, March and April, the announcement of this price to be withheld until formally approved by The President.

(b) Zinc sheets.—It was decided to consider the question of prices of zinc sheets at a special meeting to be held this day at 12 o'clock, at which meeting four representatives of the sheet-zinc manufacturers will be heard.

Submarine Chasers.—Admiral Fletcher called the Board's attention to a proposed order to be placed with the Ford Automo-
435 bile Company, of Detroit, Michigan.

After some consideration it was the unanimous opinion of the Board that the necessary materials could be delivered and there is no reason why the Navy Department should not place this order immediately.

Steel—Price fixing.—A letter dated January 14th from the Secretary of the Navy addressed to the Board was read. This letter suggested the possibility of grouping the steel companies of the country into four classes based upon the degree of integration of the individual concern. This letter was ordered filed with the understanding that a suitable reply would be addressed to the Secretary by the Chairman of the War Industries Board.

Shortage of gas in Detroit.—Judge Lovett submitted a letter dated January 10th addressed to Mr. Foster from the Detroit Gas Company regarding the extensions necessary to be made by the Detroit Gas Company in order to meet the increased demand for gas due to the abnormal expansion of the various plants now doing Government work and suggesting that this Board draft a suitable letter urging the larger manufacturers in Detroit to pay to
436 the Detroit Gas Company a price higher than the minimum price due the Company.

After some consideration it was decided that the Board would take no action in the matter.

The meeting adjourned at 11 o'clock A. M.

(sgd.) H. P. Ingels, *Acting Secretary.*

437 **Meeting of the War Industries Board held Friday, January 18, 1918, at 12 o'clock noon, in Room 54, C. N. D. Bldg.**

Present: Mr. Baruch, Acting Chairman; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Mr. Ingels, Acting Secretary; also Mr. Eugene Meyer, Jr.; Mr. Pope Yeatman; Dr. Haney of the Federal Trade Commission; and the following producers of zinc sheets: Mr. E. H. Wolff, Illinois Zinc Co.; Wm. A. Cooke, Matthessen & Hegeler

Co.; J. H. Deitz, American Zinc Products Co.; Mr. Bakowsky, representing the ore producers.

Zinc—Price fixing for zinc sheets.—During the discussion as to what would be a fair and proper maximum price for sheets, the following facts were brought to the attention of the Board:

1st. Approximately 80% of the total production of sheets is used either directly or indirectly for Government purposes.

2nd. Present prices as covered by Navy contracts are—

(a) zinc sheets 15.6¢ per pound net to the producer at plant or 16¢ delivered.

(b) slabs 14.6¢ per pound or 15¢ delivered.

438 3rd. The usual trade discount is 8% (5% for quantity plus 3% for cash).

Mr. Deitz of the American Zinc Products Company explained that his plant is just being completed and they will begin to produce sheets during March and that unless a fair profit was allowed, instead of producing zinc sheets their mills would be converted into tin-plate mills.

Dr. Haney stated that it costs approximately 2¢ per pound to roll sheets. After further consideration it was decided that the maximum price for sheets would be 15¢ per pound f. o. b. the mill, less the usual trade discount of 8% (13.8¢ net per pound); plates 14¢ per pound f. o. b. the mill, less the usual trade discount of 8% (12.88¢ net per pound.)

The meeting adjourned at 1:30 P. M.

(sgd.) H. P. Ingels, *Acting Secretary.*

439 **Meeting of the War Industries Board held Wednesday, January 23, 1918, at 10:00 A. M., in Room 54, C. N. D. Building**

Present: Judge Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Gen. Pierce; Mr. Ingels, Acting Secretary.

Organization—Reading of the minutes.—The minutes of the meetings held Friday, January 18th at 10 o'clock A. M., and 12 o'clock noon, were read and approved.

Aviation—Airplanes to be built in Canada.—A memorandum dated January 10th from the office of the Chief Signal Officer proposing to purchase 500 airplanes from the Canadian Airplane Company, Toronto, Canada, was submitted.

The Board sees no reason why this contract should not be placed.

Power—Situation in the Philadelphia district.—At this point Messrs. Bulkley and Mr. Frederick Darlington were invited into the meeting. Mr. Bulkley's letter of January 23rd together with Mr. Darlington's report of January 18th, was read to the Board.

440 The general idea as outlined by Mr. Bulkley was unanimously approved as follows:

Resolved, That the War Industries Board believes that the Government should give assistance by the advance of credit to provide for the extension of central power stations producing electric power whenever such extensions may be necessary for the adequate supply of power to war industries.

Resolved further, That the Board approves, in principle, the report of Mr. Frederick Darlington on power supply for war industries, dated January 18,

1918, and the draft of legislation to provide for the loaning of money for extensions of power plants, submitted this day by the Legal Committee of the War Industries Board.

Resolved further, That Messrs. Frederick Darlington and Robert J. Bulkley be designated a committee to advise the Chairman of the Council of National Defense and the Secretary of the Treasury of the adoption of these resolutions, and to advise their cooperation in taking appropriate steps to secure necessary legislation at the earliest possible date, and to formulate and carry into execution a consistent program for the necessary development of central power stations.

Copper—Price.—A letter from President Wilson dated January 22nd approving the maximum price of 23½¢ per pound, was read for the information of the Board.

Housing (effect on deliveries made by the Bethlehem Steel Company due to lack of housing facilities).—Mr. Brookings submitted a report from Mr. Vauclain regarding delayed deliveries by the Bethlehem Steel Company as a result of their inability to house their men.

441 After due consideration this matter was referred to Gen. Pierce requesting that he submit the same to the War Council with the endorsement of the Board recommending that prompt and adequate action be taken to relieve the situation at Bethlehem.

Organization.—It was decided that meetings will be held Monday, Wednesday, Thursday, and Friday at 11:45 A. M.

The meeting adjourned at 12 o'clock noon.

(sgd.) H. P. INGELS, *Acting Secretary.*

442 **Meeting of the War Industries Board held Thursday, January 24, 1918, at 11:45 A. M., in Room 54, C. N. D. Building**

Present: Judge Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; Gen. Pierce; Mr. Ingels, Acting Secretary.

Organization—Reading of the minutes.—The minutes of the meeting held Wednesday, January 23rd, at 10 o'clock A. M., were read and approved.

Labor.—For the information of the Board Mr. Frayne submitted—

(a) letter dated January 21st regarding the labor situation in manganese mines of Arizona;

(b) letter dated January 11th from the Honorable Frederick D. Gardner, Governor of Missouri, calling attention to the number of inmates in the State Penitentiary and Reformatory which may be placed at the disposal of the Government.

The letters were ordered filed.

Chemicals—Powder and explosives for France.—For the information of the Board General Pierce reported the visit to him by members of the French Mission regarding the possibility of fabri-

443 cating all powder and explosives in this country, thereby shipping the finished product to France instead of the raw materials.

Chemicals—Construction and operation of plant for the manufacture of ammonium nitrate.—Mr. Baruch submitted a letter from the Purchase Section, Ordnance Department, dated January 19th, regarding a proposed order to the Atlas Powder Company to act as agents to the United States Government for the construction and operation

of an ammonium nitrate plant. It was the opinion of the Board that the Purchase Section should be advised as follows:

The War Industires Board cannot emphasize too strongly the necessity for executing without delay contracts for increasing the output of ammonium nitrate, but cannot, of course, approve any specific contract without the necessary details upon which to base a judgment. This memorandum fails to submit such details.

Leather—Harness.—Mr. Brookings, reports the approval of the recommendation dated January 8th and concurred in by Colonel Fair January 23rd in reference to prices to be paid for harness to be contracted for by the Depot Quartermaster, Jeffersonville, Indiana.

The meeting adjourned at 12:55 P. M.

(Sgd.) H. P. INGELS, *Acting Secretary.*

444 **Meeting of the War Industries Board held Friday, January 25th, 1918, at 11:45 A. M., in Room 54, C. N. D. Building**

Present: Judge Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Mr. Frayne; Gen. Pierce; Mr. Ingels, Acting Secretary.

Organization—Reading of the minutes.—The minutes of the meeting held Thursday, January 24th, at 11:45 A. M., were read and approved.

Emergency Construction—Compensation for contractors.—Major Starrett, Chairman of the Emergency Construction Committee, explained in detail to the Board the revised rate of compensation to be paid contractors doing emergency construction. After careful consideration the schedule as outlined in a memorandum dated January 18th from the Committee on Emergency Construction was unanimously approved by the Board.

Gun Carriages—Machine Gun Tripod.—Memorandum from the Carriage division, dated January 15th, regarding proposed order to be placed with the Cygnet Rear Car Company, Buffalo, New York, for 3,000 machine-gun tripods model 1918, was submit-

445 ted. Considering that the Crown Seal & Cork Company, of Baltimore, is now furnishing 7,000 of these, at $65.00 per tripod, the Board sees no reason why the higher price should be paid in order to create a new source of supply. The matter was referred to Gen. Pierce.

Small Arms—Ammunition.—Mr. Brookings submitted a memorandum from the Small Arms Division, dated January 22nd, regarding the placing of proposed orders for packing Cal. .45 model 1911 pistol ball cartridges in clips. It is the opinion of the Board that if the actual costs of packing these cartridges in clips has been ascertained, and if this cost justifies the advance in price, the Board sees no reason for not placing these orders, but calls the Small Arms Division's attention to the opportunity which the law (Section 120, National Defense Act) gives the Department to insist on all the companies furnishing these cartridges at the lowest bid price (providing of course that low price is fair) except where an amount is added for amortization for the purpose of increasing production.

Labor.—For the information of the Board Mr. Frayne submitted a memorandum, dated January 25th, regarding complaints of the

Hamilton Machine Tool Company, Wagner Electric Manufacturing Company, and the Hill Pump Company, these firms to be advised that the War Industries Board has no power to prevent workmen from leaving one firm to accept employment with another.

446 *Chemicals—Contract with Dupont Company for design, construction and operation of a plant at Nashville, Tennessee, for the production of smokeless powder.*—Mr. Baruch submitted for the information of the Board memorandum of understanding between Mr. Jackling; Mr. MacGowen; Major Madd, on behalf of the Government; and Mr. P. S. Dupont and Col. E. G. Buckner on behalf of the Dupont Company, dated January 24th, 1918, regarding the proposed arrangement with the Dupont Company for the design, construction and operation of the above plant.

Electrical Equipment.—Mr. Brookings reported the approval of order being placed by the Carriage Division with the Allis Chalmer Manufacturing Company covering 96 15 KW 110 volt gasoline engine driven generator sets as covered by their memorandum of January 23rd.

The meeting adjourned at 1:00 P. M.

(Sgd.) H. P. Ingels, *Acting Secretary.*

447 **Meeting of the War Industries Board held Monday, January 28, 1918, at 11:45 A. M., in Room 54, C. N. D. Building**

Present: Judge Lovett, Acting Chairman; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Ingels, Acting Secretary.

Organization—Reading of the minutes.—The minutes of the meeting held Friday, January 25th, were read and approved.

Aluminum—Price Fixing.—Mr. Baruch reported that progress is being made towards a satisfactory agreement as to the maximum price.

Power.—Judge Lovett read Mr. Darlington's letter of January 24th regarding the assignment of reserve officers from the Engineer Corps to aid him in investigating the power shortage. Judge Lovett was requested to write a letter to Col. G. Keller requesting that such assignments be made.

Machine Guns—Spare Parts for Lewis Aeroplane type.—Mr. Brookings submitted a memorandum from Major Little, dated January 25th, listing prices for spare parts for the aeroplane type of Lewis gun. This was referred to Mr. Brookings with power
448 to act for the Board, suggesting however, that he consult with Col. Blunt in the matter.

The meeting adjourned at 12:15 P. M.

(Sgd.) H. P. Ingels, *Acting Secretary.*

449 **Meeting of the War Industries Board held Wednesday, January 30, 1918, at 11:45 A. M., in Room 54, C. N. D. Building**

Present: Judge Lovett, Acting Chairman; Mr. Baruch, Mr. Brookings; Admiral Fletcher; Mr. Frayne; Gen. Pierce; and Mr. Ingels, Acting Secretary.

Organization—Reading of the minutes.—The minutes of the meeting held Monday, January 28th, were read and approved.

Emergency Construction.—The following recommendations from the Committee on Emergency Construction were submitted:

1. Aviation Training Camp at Americus, Georgia; Hardaway Contracting Company, Columbus, Ga.
2. Aviation Training Camp at West Point, Miss.; George J. Glover, New Orleans, La.
3. Gas Development Plant at Otto, Kansas; Dieter & Wenzel Construction Company, Wichita, Kansas.
4. Temporary Building at Gaybrook, Conn., Proving Grounds; The Sperry Engineering Company, New Haven, Conn.

The Board approved of these recommendations with the understanding that the terms of the contracts are in accordance with the general form of emergency contract as previously approved
450 by the War Industries Board.

Steel (Proposed rolling mill to be built by the Scullin Steel Company, St. Louis, Mo.).—A letter from Mr. G. L. Davis, Vice President of this company, outlining the advantages of building a rolling mill in St. Louis, was submitted. It was recommended and approved that this company be advised that notwithstanding the advantages of having this mill located in St. Louis, we do not believe these are sufficient to justify the assumption of any responsibility on the part of the Government.

Labor (The Marion Extract Company, Marion, Va.).—A letter from this company was submitted suggesting that they be allowed to employ certain German prisoners in order to increase their production of tannic extract. This was referred to Mr. Frayne.

Labor (The Ohio Crane Company).—For the information of the Board, Mr. Frayne advised that steps were being taken to settle the strike in the plant of the Ohio Crane Company at Bucyrus, Ohio.

Essential Industries.—Mr. Baruch submitted a letter from the Merchants Association of New York addressed to Mr. Peek regarding the desire on the part of certain members of their Association to undertake Government work.

The questions before the Board were, is it necessary to convert such plants from manufacturing nonessentials to manufacturing essentials, and if so, what instructions are to be given them
451 as to their proper method of procedure.

This was referred to Mr. Brookings with the request that he confer with Mr. Peek regarding the matter.

Machine Guns—Royalty to be paid for Lewis patents.—Judge Lovett read a letter dated January 23rd from Mr. R. M. Calfee and for the information of the Board stated that Mr. Bulkley had reported the progress made towards determining the best procedure for settling the question of royalty to be paid for the use of the Lewis patents. A copy of the letter was ordered sent to Col. Little and Mr. Buckley.

Power—Shortage of.—For the information of the Board Judge Lovett stated that Mr. Bulkley had reported progress being made towards having proper legislation passed in order to provide means for relieving the power shortage, stating that apparently there is going to be such a delay in getting this legislation through, that to relieve the present shortage it will be necessary for special arrangements to be made; that Mr. Bulkley has already seen the Sec-

retary of War, the Secretary of the Navy, and Mr. Hurley, and that he expects to see the Secretary of the Treasury and will report later as to progress made.

Pig Iron.—Attention was called to contracts being entered into by Watertown Arsenal for high and low silicon pig iron at prices of $57.42 and $55.55 per ton. This was referred to Mr. Baruch for investigation as to whether these prices check with extras allowed on schedule of prices approved by this Board.

452 *Chemicals—Commandeering and distribution of toluol.*—The following resolution passed by the Committee on Explosives, dated January 29th, 1918, was submitted to and approved by the Board and ordered that copies be sent to the Priorities Committee, the War Department, and the Navy Department, and the Allied Purchasing Commission.

Whereas the production of toluol has been greatly curtailed, due to the restriction of transportation facilities and coal supply to byproduct coke ovens and other causes; and whereas the available prospective supply is insufficient to meet the estimated requirements of military and important commercial activities; and whereas it is desirable to effect distribution through priority of need rather than existing contractual obligations; and whereas through delinquency in production, deliveries under existing contracts cannot be met without serious disturbance to continued T. N. T. manufacturers; and whereas the Ordnance Department of the Army is engaged in an effort to extend the present toluol producing facilities to meet the deficiency as regards their own requirements;

Now, therefore, it is requested that the Ordnance Department of the Army, with the consent of the Navy, commandeer the entire toluol production of the country, and that a committee on toluol be appointed composed of representatives of the Army, Navy, and War Industries Board, said committee to be charged with the duty of recommending the development of further facilities for toluol and a distribution of all toluol produced. Said committee to cooperate with the Committee on Explosives, with a view to insuring such distribution of toluol as will best meet the military needs of the Allies, the Army, and the Navy and the justifiable commercial requirements.

WAR INDUSTRIES BOARD,
(Signed) L. L. SUMMERS,
(Signed) W. E. SPRUANCE, Jr.,
Lieut. Colonel, Ordnance Dept., N. A.
(Signed) RILEY,
Lieutenant, U. S. N. R. F.

The meeting adjourned at 12:50 P. M.

sgd. H. P. INGELS, *Acting Secretary.*

453 **Meeting of the War Industries Board held Thursday, January 31, 1918, at 11:45 A. M., in Room 54, C. N. D. Building**

Present: Judge Lovett, Acting Chairman; Mr. Brookings; Mr. Frayne; Gen. Pierce; Mr. Ingels, Acting Secretary.

Organization—Reading of the minutes.—The minutes of the meeting held Wednesday, January 30th, were read and approved.

Essential Industries.—The following resolution was submitted by Mr. Brookings and approved by the Board:

Whereas Mr. Peek, our Industrial Representative, finds it impossible to render both the Government and the industries of the Country the service for which his committee was created without considerable information which only the purchasing departments of the Government can furnish: Now, therefore, *Resolved*, That each of the purchasing departments of the Army and Navy be requested to furnish Mr. Peek with a list of the kind of articles purchased

for our war needs, in order that he may form some sort of a judgment as to the class of goods that may be hereafter needed and as to the character of the industries whose facilities may in future be used for additional orders which the Government may wish to place. It is also important that the several purchasing departments keep Mr. Peek informed as much in advance as possible of their probable needs, in order that he may submit to said departments a list of additional manufacturers who would be glad to bid on their requirements. With the cooperation of the purchasing departments, this Industrial Committee should render invaluable service to both the Government and to the industries of the country.

The Secretary of the Board was instructed to enclose a copy of this resolution to the heads of the said purchasing departments of the Army and Navy, and that a copy of same be given to Admiral Fletcher and General
454 Pierce, with the request that they use their influence to see that the information is forthcoming.

Gun Carriages (Spare parts for artillery wheels).—Mr. Brookings submitted a memorandum, dated January 25th, from the Carriage Division, No. CF 473.817 (505)/6, regarding a proposed order to be placed with the Pruden Steel Company, Lansing, Michigan, for spare parts for 56" artillery wheels. The Board sees no reason why this order should not be placed.

Labor.—A letter from Secretary Wilson, dated January 22nd, outlining the program for war labor administration, was submitted to the Board and ordered referred to Mr. Frayne for his attention.

Labor.—For the information of the Board, Mr. Frayne reported progress that is now being made towards organizing for the salvage and repair of waste materials, vocational education, and prison labor.

Hemp Production.—A copy of a letter from the Secretary of Agriculture, addressed to the Navy Department, regarding the possibility of decreased production of hemp in Kentucky, was submitted to the Board and referred to Mr. Brookings.

Leather—Organization of a department of Hides, Leather, and Leather Goods.—Mr. Brookings reported that when he took up the matter of organizing such a department with Mr. McElwain he ascertained that the Quartermaster's Department had in process a similar organization. Inasmuch, however, as the Quartermaster's Department and Ordnance Department were then in negotiation with harness manufacturers looking to the contracting for a large amount of harness for delivery throughout the year 1918, and as this work was being conducted through Col. Wood's department at Jef-
455 fersonville, Ind., Mr. Brookings undertook, with the assistance of Mr. McElwain, to negotiate with the hide and leather people for a sufficient supply of leather at a fixed price to enable the harness manufacturers to bid intelligently upon the Government's needs. Mr. Brookings and Mr. McElwain also checked over the cost sheets and proposed contracts with the harness manufacturers and approved same, so that the harness needs of both the Quartermaster and Ordnance Departments are probably provided for in accordance with the present program. Mr. Brookings reports that, in accordance with an understanding with General Pierce, he will work in harmony with the Quartermaster's Department, with a view of developing an organization that will not interfere with General Goethal's plans and at the same time render the Government the efficient service which is necessary.

The meeting adjourned at 12:15 P. M.

(sgd.) H. P. INGELS,
Acting Secretary.

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456 Meeting of the War Industries Board held Friday, February 1st, 1918, at 11:45 A. M., in Room 54, C. N. D. Building

Present: Judge Lovett, Presiding; Mr. Brookings; Mr. Baruch; Mr. Frayne; Admiral Fletcher; General Pierce; Mr. Ingels, Acting Secretary.

Organization—Reading of Minutes.—The minutes of the meeting held Thursday, January 31, 1918, at 11:45 A. M., were read and approved.

Uniforms—Olive Drab for Home Guards.—For the information of the Board Mr. Brookings submitted a memorandum from the Secretary of War dated December 29th, together with a memorandum dated January 31st, from the Quartermaster General regarding the possibility of allowing the Home Guards to use O. D. woolen uniforms. In view of the additional needs of the Army it was ordered that the Secretary be advised that the Board is of the opinion that this would interfere with supplying the United States Troops.

Chemicals—Construction of a Plant for Manufacture of T. N. X.—Admiral Fletcher submitted a letter from the Ordnance Bureau of the Navy regarding a proposed plant to be built at Ragsdale,
457 Wisconsin, by the DuPont Company for the manufacture of T. N. X. This was referred to Mr. Brookings and the Explosives Committee for their joint recommendation.

Pig Iron.—For the information of the Board Mr. Baruch stated that the report that the Watertown Arsenal has purchased high and low silicon pig iron at prices above those approved by the Board was without foundation.

Aircraft Production Board.—For the information of the Board Colonel Pierce advised that the Aircraft Board has no power in regard to the general aviation expenditures but makes recommendations and acts in an advisory capacity.

Machine Tools—Shell Making Machinery to be shipped from Canada.—For the information of the Board a letter from Acting Secretary of Commerce, dated January 31st, was read. This letter stated that the shell-making machinery owned by the American Locomotive Company now installed in their Canadian plant had been released by the Canadian Government for shipment into the United States.

Optical Glass—Optical Instrument.—By action of the Board Mr. Brookings was requested to establish a section whose functions will

be to not only expedite the production and delivery of optical glass but to push the fabrication and completion of optical instruments.

The meeting adjourned at 12:30 P. M.

(sgd.) H. R. Ingels, *Acting Secretary.*

458 Meeting of the War Industries Board held Monday, February 4, 1918, at 11:45 A. M., Room 54, C. N. D. Building

Present: Judge Lovett, Presiding; Mr. Brookings; Admiral Fletcher; Mr. Baruch; Mr. Ingels, Acting Secretary.

Organization—Reading of the Minutes.—The minutes of the meeting held Friday, February 1st, at 11:45 A. M., were read and approved.

Smokeless Powder—Boxes For.—Mr. Brookings submitted a memorandum dated January 26th from the Gun Division, Ordnance Department, regarding negotiations with the E. I. DuPont de Nemours Company for the purchase of a plant for the purpose of repairing smokeless powder boxes. Based upon the approval of General Pierce and Mr. Brookings the Board sees no reason why this contract should not be entered into.

Tractors.—For the information of the Board Mr. Brookings submitted a memorandum from Captain E. L. Jaco dated Jan. 23rd regarding priority for materials for farm tractors. It was ordered that Captain Jaco be advised that materials for farm tractors now have a priority rating of B-1. Papers were referred back to General Pierce.

Shipping.—For the information of the Board Judge Lovett read a letter dated January 30th from the Department of Agricul-
459 ture, also a letter from Mr. W. F. Richardson, Jr., of the Richmond Grain Exchange, Richmond, Virginia, regarding the placarding of cars loaded with grain and foodstuffs which was ordered referred to the Food Administration.

Chemicals—Acetone and Kindred Products.—A memorandum of February 2nd from Mr. Coffin, together with a resolution passed at the meeting of the Aircraft Board on January 29th regarding the shortage of Acetone and kindred products, and the necessity of expediting increased production thereof, was ordered referred to Mr. Baruch for his attention.

Emergency Construction—Recruit Depot and School for Mechanics near Richmond, Virginia.—Memorandum dated January 26th from the Emergency Construction Committee, recommending a contract for the above be placed with the James Black Masonry & Contracting Company was submitted approved by Colonel Pierce. The Board sees no reason why this contract should not be placed with the understanding that the terms of the contract are in accordance with the general form of Emergency Contracts previously approved by the Board.

Ordnance Schools—School at the Bethlehem Steel Company.—For the information and guidance of the Board Colonel Pierce's memorandum dated February 1st was submitted in which memorandum he recommended that the question of establishing an Ordnance School at the plant of the Bethlehem Steel Company should not be pressed further at this time.

The meeting adjourned at 12:30 P. M.

(sgd.) H. R. Ingels, *Acting Secretary.*

460 **Meeting of the War Industries Board held Wednesday, February 6, 1918, at 11: 45 A. M., in Room 54, C. N. D. Building**

Present: Judge Lovett, Presiding; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Frayne; General Pierce; Mr. Ingels, Acting Secretary.

Organization—Reading of the Minutes.—The minutes of the meeting held Monday, February 4th, 1918, were read and approved.

Gun Cameras.—A memorandum, dated January 31st, from the Signal Corps regarding an order to be placed with Thornton & Pickard, of Altrinchan, England, for 300 Mark "3" British type gun cameras was submitted approved by General Pierce and Mr. Brookings. The Board sees no reason why this order should not be placed providing that the price is not higher than that being paid by the British Government for the same cameras.

T. N. X.—To be manufactured by the DuPont Company at Barksdale, Wisconsin.—There was submitted by Mr. Brookings a proposed contract between the Navy Department and the DuPont Powder Company involving approximately an expenditure of $3,670,000.00 at the Barksdale, Wis., plant of the DuPont Powder Company
461 for the erection and operation of a plant for the manufacture of T. N. X. Upon consideration of the matter, and after a conference with Rear Admiral Earle, Chief of the Navy Department Bureau of Ordnance, it was

Resolved, That while the War Industries Board is generally opposed to arrangements whereby plants erected or enlarged at the sole cost of the Government, become the property of private parties upon completion of the manufacturing contemplated, yet as it appears to be impossible for several reasons, particularly the lack of transportation facilities, to locate this plant at Indian Head, and as no better arrangement is at this time practicable, and in view of the emergency nature of the need for the product called for by the contract, The Board recommends approval of the contract.

Labor.—For the information and record of the Board, Mr. Frayne advised that the following matters have been taken up and copies filed with Secretary William B. Wilson, of the Department of Labor, who has given assurance that same will be given every possible attention with a view to bringing about a satisfactory understanding in each case:

Kennicott Copper Corporation of New York. Letter sent to Mr. Baruch regarding the suspension of the 8-hour law. Vallejo Trades and Labor Council of Vallejo, California. Letter sent to Mr. Frank Morrison, Secretary American Federation of Labor, regarding various labor matters at the Mare Island Navy Yard. Merchants and Manufacturers Association of Baltimore, Md. Letter sent to him by Mr. A. S. Goldsborough, Director Civic and Industrial Bureau, regarding the shifting of labor from one shipyard to another. Boot and Shoe Workers Union of Lewiston, Me. Two letters from D. E. Whelan regarding labor condition in the factories. International Union of Boot and Shoe Workers. Letter from Mr. John Tobin, General President, with reference to the fuel order. Memorandum and telegram from James Lennon, General
462 Organizer, Sheet Metal Workers International Alliance of Bronx, New York, complaining against the labor conditions of the employees of the Syracuse Fire Proof Door Company working at Port Newark, N. J. Letter and telegram to Mr. B. M. Baruch from the Southern Lumber Manufacturers and the West Coast Lumber Association of Seattle, Wash., requesting 8-hour day for men working in the lumber districts. Letter from W. H. Teas, of the Marion Extract Company, of Marion, Va., advocating the use of paroled German prisoners in the timber industry.

He has assured Secretary Wilson of his fullest cooperation in connection with these various subjects, copies of which are attached for the files of the War Industries Board. A copy of his letter to the Secretary of Labor is also attached.

Chemicals—Acetone.—In view of the serious shortage of acetone and kindred products the following recommendation was submitted by Mr. Baruch and approved.

That not only the Aircraft Production Board but all other departments of the Government be advised to communicate their requirements to the War Industries Board so that complete coordination may be obtained. The Secretary to consult with Mr. Summers as to the proper form of notification to be sent and for advice as to the list of departments.

Zinc—Prices.—After investigation by the Federal Trade Commission as to the cost of production for Grade A zinc, the purest commercial grade made, and after numerous conferences with the miners and smelters of all grades of spelter, as well as of Grade A,
462½ it is recommended by the War Industries Board that a maximum price of 12 cents a pound f. o. b. East St. Louis, for Grade A Spelter be fixed. Price subject to revision June 1, 1918. These prices were agreed to subject to the following conditions:

First. That the producers of Grade "A" and of Plate and Sheet Zinc will not reduce the wages now being paid;

Second. That they will sell to the Allies, to the public, and to the Government at the same prices;

Third. That they will take the necessary measures, under the direction of the War Industries Board, for the distribution of the zinc to prevent it from falling into the hands of speculators who might increase the price to the public; and

Fourth. That they pledge themselves to exert every effort, necessary to keep up the production of zinc so as to insure an adequate supply so long as the war lasts.

Letter dated February 7th was sent to the President for his approval. The President approved these prices as per his letter dated February 13th, 1918. (For letter sent to the President see next page.)

FEBRUARY 7, 1918.

MY DEAR MR. PRESIDENT: After investigation by the Federal Trade Commission as to the cost of production for Grade A Zinc—the purest commercial grade made—and after numerous conferences with the miners and smelters of all grades of spelter, as well as of Grade A, it is recommended by the War Industries Board that a maximum price of 12 cents a pound, f. o. b. East St. Louis, for Grade A Spelter be fixed. Price subject to revision June 1, 1918.

The War Industries Board has entered into an agreement with the producers of Grade A Zinc as above, subject to your approval.

The whole question of prices for the different grades, varying greatly in quality, has been carefully looked into, and we think that by fixing a maximum price on the highest grade, and the one most necessary for munition purposes, not only will a runaway market for Grade A be avoided, but also in the case of the other grades as well: and it is believed that with the maximum price fixed on the purest grade, and with the natural law of supply and demand, sufficient regulation of the zinc industry will be obtained.

Any price fixed on lower grades of spelter would, in order to give fair profits to the many high-cost producers, necessarily have to be higher than has ruled in the market in many months.

Heretofore the manufacture of Grade A has practically been in the hands of one and then two large companies, but it is believed that by redistilling spelters of lower grade a larger amount of high grade metal may be obtained

and the production of such metal will be expanded, thereby avoiding the danger of shortage that might arise through destruction of plant by fire or explosion, or through strikes.

A price is therefore recommended that will not only give a good profit to those already in the industry, but that will also act as an incentive toward the further production of the higher grade metal.

The following list shows prices previous to the European War and since:

Years	Common Spelter, St. Louis price, average	(*) Grade "A" Spelter, average sales prices
	Cts. per lb.	*Cts. per lb.*
Average 1902 to 1914, incl.	5.526	5.566
1915	14.16	14.13
1916	13.57	20.34
1917	8.73	13.80

In April 1917, at the request of Mr. B. M. Baruch, certain zinc producers agreed to furnish Grade "A" zinc at 11½¢ per pound; previously Grade "A" metal had sold as high as 42¢ per pound, and when the above was stated that the Secretary of War had ruled that a price of 13½¢ be named; otherwise prices would have been very much higher on this grade of zinc, which the Government has used almost exclusively for munition purposes.

It is also recommended that a maximum base price be fixed on Plate and Sheet Zinc, largely required by the Government and the Allies for war purposes. This industry in the past has been practically in the hands of two large producers in this country, and the price recommended is believed to be such as will not only give a fair return to the present producers, but will also act as an incentive to other smelting companies to install rolling mills for the production of plate and sheet zinc.

It is therefor recommended that a price of 14¢ per pound for Plate and 15¢ per pound for sheet Zinc, f. o. b. plant, be fixed, subject to the usual trade discounts. Price subject to revision June 1, 1918. With trade discounts, the above prices would be a little under 13¢ and 14¢, respectively.

The War Industries Board has entered into an agreement with the producers of Plate and Sheet Zinc on the above terms, subject to your approval.

Average price of sheet zinc, 1915: 17.37 cents per lb.; in 1916, 20.14 cents; and 1917, 19.62 cents. Less 8% discount.

A price to the Government and the Allies of 16 cents a pound for sheet zinc, with no discount, was agreed to for certain deliveries in 1917.

It may interest you to know that the representative of the Federal Trade Commission, who had worked out the cost data, considered the prices and agreed as to the advisability of fixing them as suggested above.

It is agreed, both by the producers of Grade "A" and of Plate and Sheet zinc; first, that they will not reduce the wages now being paid; second, that they will sell to the Allies, to the public and to the Government at the same price; third, that they will take the necessary measures, under the direction of the War Industries Board, for the distribution of the zinc to prevent it from falling into the hands of speculators who might increase the price to the public; and fourth, that they pledge themselves to exert every effort necessary to keep up the production of zinc so as to insure an adequate supply so long as the war lasts.

We enclose form of statement which we suggest to be suitable for issue by you in case you approve of our conclusions.

Very respectfully,

(Signed) R. S. Lovett,
Acting Chairman.

The PRESIDENT,
The White House, Washington, D. C.

463 *Cement—Prices.*—For the information of the Board Mr. Baruch stated that the Secretary of the Navy had approved the price for Portland Cement as recommended by the Board.

Emergency Construction.—The following recommendations from the Committee on Emergency Construction were submitted:

1. Barges for use at Ports of Newark, Raritan Bay, Curtis Bay, and Norfolk, Gildersleeve Shipbuilding Co., Gildersleeve, Conn.
2. Barges for use at Ports of Newark, Raritan Bay, Curtis Bay, and Norfolk, John E. Matton, Waterford, N. Y.
3. Barges for use at Ports of Newark, Raritan Bay, Curtis Bay, and Norfolk, Inland Waterway Equipment & Dredging Co., Baldwinsville, N. Y.
4. Barges for use at Ports of Newark, Raritan Bay, Curtis Bay, and Norfolk, Empire Engineering Co., Buffalo, N. Y.
5. Barges for use at Ports of Newark, Raritan Bay, Curtis Bay, and Norfolk, M. M. Davis & Son, Inc., Solomons, Md.
6. Barges for use at Ports Newark, Raritan Bay, Curtis Bay, and Norfolk, Smith & Williams Co., Salisbury, Md.
7. Aviation Training Camp at Riverside, California, Twohy Brothers Company, San Diego and San Francisco, Calif.
8. Miscellaneous Construction Work at Fort Oglethorpe, Ga., Park-Grimes Company, Chattanooga, Tenn.

The Board approved these recommendations with the understanding that the terms of the contracts are in accordance with the general form of emergency contracts as previously approved by the War Industries Board.

The meeting adjourned at 1:25 P. M.

(Sgd.) H. P. INGELS, *Acting Secretary.*

464 Meeting of the War Industries Board held Thursday, Feb. 7th, 1918, at 11:45 A. M., Room 52, C. N. D. Building

Present: Judge Lovett, Presiding; Mr. Baruch; Mr. Brookings; Mr. Frayne; Admiral Fletcher; General Pierce; Mr. Ingels, Acting Secretary.

Organization—Reading of the Minutes.—The minutes of the meeting held Wednesday, February 6th, at 11:45 A. M., were read and approved.

Steel—Bethlehem Steel Company Financial Assistance.—Mr. Replogle was invited into the meeting to discuss the advisability of loaning $20,000,000.00 to the Bethlehem Steel Company to be expended on new construction at their Sparrows Point plant. Mr. Replogle was requested to have Mr. Eugene Grace, President of the Bethlehem Steel Company submit in writing a definite proposition, no action to be taken until this information is submitted to the Board.

465 *Steel—Decreased Production.*—In discussing the falling off of steel production attention was called to the fact that at the present time the production is only about 33% normal. In view of the seriousness of the situation it was resolved:

1. That there be sent to the Secretary of War, the Secretary of the Navy, the Chairman of the Shipping Board, the Director General of Railroads and the Fuel Administrator, the following report, made to this Board by J. L. Replogle, its Director of Steel Supply summarizing the latest information as to the reduction of output for lack of fuel, of essential shipbuilding and war materials at the steel mills largely engaged in war work.

2. That the War Industries Board earnestly urges that since it is thus demonstrated that industries have been and are being closed or greatly reduced in capacity for lack of fuel, the nonessential industries rather than essential war industries should be denied fuel and required to close. Since some labor-

ers are forced to be idle or to change their employment, it should be those in breweries, drinking saloons and other employments contributing in no wise to the prosecution of the war, instead of laborers engaged in the production of plates for building ships, manufacture of guns, shells, explosives and other things absolutely essential to the national defense. The shortage of labor is such that there need be no idleness, for all these workers thrown out of employment by closing down of nonessential industries may readily find profitable employment in other industries, generally in the same community. The Board assumes that this discrimination can be completely accomplished in the distribution of coal and coke.

These resolutions with tabulated list of steel companies showing their present rate of production were sent to parties named in resolution.

466 *Finance—Rendering of Financial Assistance to Essential Industries.*—The Board is of the opinion that it will be necessary to render financial assistance to certain manufacturers in order to meet war needs. Mr. Baruch was requested to see the Secretary of the Treasury and urge that his bill now pending be made sufficiently broad to provide for increased capacity of certain necessities and report to the Board the results of his interview.

Steel—Manganese required in Manufacture of.—The Board was advised that the Anaconda Copper Interests were willing to expend approximately a million and a half dollars towards developing manganese property near Butte providing that they would receive a guarantee that the Government would not regulate the price. Mr. Baruch was requested to ask Mr. Ryan to submit a definite proposition in writing.

Cartridge Cases—Brass Discs for 4.7".—A memorandum from the Gun Division regarding proposed order to be placed with the Baltimore Copper Smelting & Rolling Co. for the conversion of 200,000 brass discs for 4.7" cartridge cases at 7¢ per pound per disc. f. o. b. Baltimore. The Board sees no reason why this order should not be placed.

Emergency Construction.—The following recommendation from the Committee on Emergency Construction was submitted:

467 1. Buildings at G. N. Expeditionary Storage Depot, Hoboken, N. J., Contractors Barney-Hocke-Ahlers Constructing Corporation, New York, N. Y.

The Board approved this recommendation with the understanding that the terms of the contract are in accordance with the general form of emergency contract as previously approved by the Board.

The meeting adjourned at 1:30 P. M.

(sgd.) H. R. Ingels, *Acting Secretary.*

468 **Meeting of the War Industries Board held Friday, February 8th, 1918, at 11:45 A. M., in Room 54, C. N. D. Building**

Present: Judge Lovett, Presiding; Mr. Baruch; Mr. Brookings; Mr. Frayne; Admiral Fletcher; General Pierce; Mr. Ingels, Acting Secretary.

Optical Glass—Optical Instruments.—For the information of the Board Mr. Brookings read a letter dated February 8th, addressed to Assistant Secretary of War advising him that a section on Optical Glass and Optical Instruments was being developed by his Department.

Wool and Woolen Goods.—A letter was submitted from Kleinhans Company of Buffalo regarding the importation of 176 dozen pairs of woolen hose. Considering the shortage of woolen hosiery the Board thinks that this permit should be granted.

Emergency Construction.—The following recommendations from the Committee on Emergency Construction were submitted:

1. Contractor for Fort McKinley Water Supply, Portland, Me. Contractor: T. A. Scott Wrecking Co., New London, Conn.

469 2. High Explosive Depot at Sandy Hook, N. J. Contractor: Amsterdam Building Co., Inc., New York, N. Y.

3. Storage Space for Depot Quartermaster, Governors Island, N. Y. Contractor: The Whitney Company, New York, N. Y.

4. Construction Work (Cantonment Type) at Newport News, Va., Contractor: Hampton Roads Engineering and Construction Co., Hampton, Va.

The Board approved these recommendations with the understanding that the terms of the contract are in accordance with the general form of emergency contract as previously approved by the Board.

Power—Shortage of Power in Philadelphia District.—Judge Lovett read a letter from Mr. Bulkley recommending that the Board request the Capital Issues Committee to permit the Philadelphia Electric Company to issue certain securities in order to finance new construction. This was referred to Judge Lovett to act for the Board.

Copper (Losses experienced by L. Vogelstein & Co.).—Mr. Reeves, of Reeves & Todd, Counsel for L. Vogelstein & Co., and Mr. Pope Yateman were invited into the meeting. Mr. Reeves proceeded to explain the claim of Vogelstein & Company for losses that they contend resulted from the Government fixing the price of copper. Mr. Yateman was requested to investigate this matter and report to the Board.

470 *Organization—Cooperation of the various Departments of the Army.*—For the information of the Board, General Pierce read his letter, dated February 8th, addressed to the Acting Quartermaster General, regarding the advisability of the various Departments cooperating with this Board.

The meeting adjourned at 12:55 P. M.

(Sgd.) H. P. Ingels, *Acting Secretary.*

471 **Meeting of the War Industries Board held Monday, February 11, 1918, at 11:45 A. M., in Room 52, C. N. D. Building**

Present: Judge Lovett, Presiding; Mr. Baruch; Mr. Brookings; Admiral Fletcher; General Pierce; Mr. Ingels, Acting Secretary.

Organization—Reading of the Minutes.—The minutes of the meeting held Friday, February 8th, 1918, at 11:45 A. M., were read and approved; also minutes of Thursday, February 7th.

Machine Guns—(a) *Prices on Marlin Aircraft Machine Gun spare parts and accessories.*—Memorandum from Colonel Little, dated February 4th, together with schedule of prices covering Marlin Aircraft Machine Gun spare parts and accessories, was submitted, approved by the Machine Gun Section. It was recommended that the Chief of Ordnance adopt this list of prices for spare parts and accessories of the Marlin Aircraft Machine Guns.

(b) *Prices for Belt Loading Machines and Spare Parts Therefor for Marlin Aircraft Guns.*—Memorandum from Colonel Little, dated February 5th, together with a schedule of prices recommended by the Machine Gun Section, was submitted to the Board. The
472 prices were approved by the Board.

(c) *Prices on Lewis Aircraft Machine Guns and spare parts for the Navy.*—Memorandum dated February 4th from the Machine Gun Section recommending prices on Lewis Aircraft Machine Guns and spare parts for the Navy was submitted, and approved by the Board.

(d) *Prices for Lewis Machine Gun and Spare Parts for the Navy.*—Mr. Brookings submitted, approved by the Machine Gun Section, memorandum from the Bureau of Supplies and Accounts dated Jan. 26th, covering 350 Lewis Machine Guns Complete, also list of spare parts. Same was approved by the Board.

Rope.—Memorandum of February 8th from the Procurement Division regarding proposed purchase of 701,064 pounds of Manila rope from the Columbian Rope Company at 30¢ per pound was submitted. This price was approved by the Board with the suggestion to the Ordnance Department that the equipment articles be sent to the place where the rope is manufactured.

Emergency Construction—Harrisburg Terminal at Harrisburg, Pa.—Major Starrett was invited into the meeting to give the Board certain information regarding proposed contractor for this work. After due consideration it was recommended that the contract be awarded to the George A. Fuller Company.

Regulation of Imports.—General Pierce submitted resolu-
473 tion prepared by the War Council, dated February 8th, regarding the regulation of imports. Mr. Charles Day was invited into the meeting to discuss the proposed activities of the Ship Control Committee and of the benefits to be derived as a result of the proposed regulation of imports. After some discussion it was decided to hold a special meeting at 11:15 A. M., February 12th, of the War Industries Board and Mr. E. N. Hurley, Chairman Shipping Board, Mr. Vance C. McCormick, Chairman War Trade Board, Mr. H. C. Hoover, Food Administration, and Mr. M. L. Requa, Director of Oil Division of the Fuel Administration.

The meeting adjourned at 1:30 P. M. to reconvene at 3:00 P. M.

(sgd.) H. P. INGELS, *Acting Secretary.*

474 **Meeting of the War Industries Board held Monday, February 11, 1918, at 3:00 P. M., in Room 52, C. N. D. Building**

Present: Judge Lovett, Presiding; Mr. Baruch; Mr. Brookings; Admiral Fletcher; General Pierce; Mr. Ingels, Acting Secretary.

Clearance Committee.—Report from the Clearance Committee dated February 7th, regarding utilization of services of the Clearance Comittee was submitted to the Board and referred to Mr. Brookings for his attention.

Organization—War Service Committee.—A memorandum from Mr. Gifford, dated February 9th, suggesting that all War Service Committees of good standing should be approved by the Secretary of Commerce. This was referred to Judge Lovett with power to act for the Board.

Steel—Manganese.—For the information of the Board telegram from Mr. John D. Ryan was read in which he advised that they would submit a definite proposition on Wednesday, February
475 13th, relative to the erection of a ferro manganese plant in Montana.

Organization—Appointment of Mr. Spencer Turner as Vice Chairman of Supplies Committee.—The Board approved Mr. Brookings' appointment of Mr. Turner as Vice Chairman of the Supplies Committee with the understanding that he would represent the Supplies Committee on the Clearance Committee.

Shells—75 m/m.—For the information of the Board General Pierce stated that the Acting Chief of Ordnance advises that from present indications the changes in specifications and heat treatment are going to give us a very much improved shell.

Emergency Construction—Bag Filling Plant.—The following recommendations from the Committee on Emergency Construction were submitted:

1. Two Bag Filling Plants, one opposite Curtis Bay, Baltimore, Md., and one five miles from Trenton, on Delaware River, Contractor: The Foundation Company, New York, N. Y.

One Bag Filling Plant, located on River opposite Hog Island, Philadelphia, Pa., Contractor: Mac Arthur Brothers Company, New York, N. Y.

The Board approved these recommendations with the understanding that the terms of the contractors are in accordance with the general form of emergency contract as previously approved by the Board.

The meeting adjourned at 4:45 P. M.

(sgd.) H. P. INGELS, *Acting Secretary.*

476 **Special Meeting of the War Industries Board Held Tuesday, February 12, 1918, at 11:15 A. M., in Room 52 of the C. N. D. Building, to Discuss the Regulation of Imports**

Present: Representing the War Industries Board: Judge Lovett, Presiding; Mr. Baruch; Mr. Brookings: Admiral Fletcher; General Pierce; Mr. Legge; Mr. Ingels, Acting Secretary. Representing the War Trade Board: Mr. Vance C. McCormick, Mr. Wooley. Representing the Food Administrator: Dr. Taylor, Mr. Gray. Representing the Shipping Board: Mr. Hurley, Mr. Day, Dean Gay. Representing the Oil Administrator: Mr. Henderson.

Judge Lovett stated that the purpose of the Meeting was to discuss the regulation of imports.

Mr. McCormick stated that the War Trade Board had had this matter under consideration for sometime and under date of February 7th had addressed a letter to the President in which he stated that the necessary power requisite for carrying on this work now exists in two bodies, viz: The Shipping Board and the
477 War Trade Board, and suggested that his Board undertake the work and further recommend that Dean Gay be appointed a member of the War Trade Board so that he could be put in charge of the undertaking. Mr. Hurley objected somewhat to the latter suggestion claiming that Dean Gay's services at this time are very important to the Shipping Board.

After some discussion it was decided to proceed on a basis similar to that mentioned in Mr. McCormick's letter of the 7th to the President, that Dean Gay would undertake the organization of the personnel and formulation of general plans of procedure.

The meeting adjourned at 12:55 P. M.

(sgd.) H. P. INGELS,
Acting Secretary, War Industries Board.

478 **Meeting of the War Industries Board held Wednesday, February 13, at 11:45 A. M., in Room 52, C. N. D. Building**

Present: Mr. Baruch, Presiding; Mr. Brookings; Admiral Fletcher; Mr. Frayne; General Pierce; also Mr. Marshall, Representing the Production Division of the Ordnance Department; Mr. S. M. Vauclain; Colonel McRoberts of the Procurement Division; Mr. E. R. Stettenius.

Organization—Reading of the Minutes.—Minutes of the meetings held February 11th at 11:45 A. M., February 11th at 3:00 P. M., and Tuesday, February 12th, at 11:15 A. M., were read and approved by the Board.

Organization.—General discussion was entered into regarding the attitude and cooperation of the various Departments towards the Production Division of the War Industries Board, also the advisability of continuing the Production Division.

479 Mr. Vauclain read his memorandum to the Board, also letters from various shell manufacturers, calling attention to the fact that they were not getting production on account of not having received forgings. It was suggested that all contracts placed should be gone over very carefully and classified geographically with a view of consolidating the work and of eliminating unnecessary transportation. There was no definite action taken, but Mr. Marshall stated that he and Colonel Tripp would confer with Mr. Vauclain.

The meeting adjourned at 1:45 P. M. to reconvene at 3:15 P. M.

(sgd.) H. P. INGELS,
Acting Secretary, War Industries Board.

480 **Meeting of the War Industries Board held Wednesday, February 13, 1918, at 3:15 P. M., in Room 52, C. N. D. Building**

Present: Mr. Baruch, Presiding; Mr. Brookings; Mr. Frayne; Admiral Fletcher; General Pierce; also Mr. Pope Yeatman.

Chemicals—Production of Ammonia by the Aluminum Company of America.—Mr. Baruch called attention of the Board to letter dated February 12th from Mr. Davis, President of the Aluminum Company of America, wherein he stated that his company would proceed to build a plant for the manufacture of ammonia by the nitride process. This plant to have an estimated capacity of 24 tons of ammonia per 24 hours. The Aluminum Company of America agreed to segregate a portion of the Hydro-Electric Power Plant which they are building in Tennessee to utilize for its ammonia plant, thus withdrawing their request that the Government build the power plant for them.

Aluminum—Maximum Price.—After further considering the question of a fair maximum price for ingot aluminum it
481 was agreed that this price should be 32 cents per pound f. o. b. works, and that our Allies and the public should enjoy the benefits of this same price. This price is subject to revision after June 1st, 1918.

Organization—Cooperation of the various Supply Departments with the War Industries Board.—General Pierce submitted his letter of February 12th addressed to the Heads of the various Supply Departments in which letter he called particular attention to raw materials and fabricated articles of which the supply is insufficient to satisfy the needs of the Army, Navy, Shipping Board, Aircraft Production Board, Allies, and the civil population, stating that in view of the necessity of using a control agency for dealing with these questions that it was the desire of the Secretary of War that all the agencies of the War Department should cooperate with the War Industries Board by consulting with it and by following the advice that may be given. It is the understanding of the Board that Admiral Fletcher will send a copy of this letter to Secretary of the Navy.

The meeting adjourned at 4:15 P. M.

(sgd.) H. P. INGELS, *Acting Secretary.*

482 **Meeting of the War Industries Board held Friday, February 15, 1918, at 11:45 A. M., Room 52, C. N. D. Building**

Present: Judge Lovett, Presiding; Mr. Baruch; Mr. Brookings; Mr. Frayne; Admiral Fletcher; General Pierce; Mr. Ingels, Acting Secretary.

Chemicals—Acetic Acid.—Mr. Summers was invited into the meeting to explain to the Board the terms of the proposed order to be placed with the American Electro Products Company, Ltd., for approximately 18,000 tons of acetic acid. He advised that the Signal Corps, through the Aircraft Production Board, contemplates placing the contract; the particular question to be determined was as to the advisability of spending $1,500,000.00 in Canada, which amount is to be expended for additional plant for the Shawinagan Water & Power Company. After due consideration the Board resolved there was no reason why this contract should not be placed.

Zinc—Prices.—Letter of February 13th from the President was submitted to the Board in which letter he approved prices for zinc as proposed by the War Industries Board.

483 *Steel—Proposed Loan of $20,000,000 to the Bethlehem Steel Company.*—Mr. Replogle's memorandum together with a proposition from the Bethlehem Steel Company was submitted. After considering the importance of the increased production, especially of the byproducts this was referred to Mr. Baruch with request that he confer with Secretary McAdoo regarding the matter with the understanding that he will advise the Secretary of the Board's desire to have this financial assistance given to the Bethlehem Steel Company if a practical method of doing same can be agreed upon.

Fuel—For Steel Plants making either Shell Steel or Plates.—For the information of the Board Mr. Baruch advised that as a result

of a conference between him, Mr. Replogle, and Dr. Garfield, that Dr. Garfield promised to issue orders to the steel plants making shell steel and plates should be fully supplied with fuel.

Manganese.—Mr. Baruch read the proposition submitted by Mr. Ryan in accordance with which the Anaconda Copper Company propose to erect and operate a plant near Butte for producing Manganese. By action of the Board Mr. Baruch was requested to take this matter up with Mr. Ryan with the request that he revise certain conditions as outlined in his proposal.

Emergency Construction.—The following recommendations from the Emergency Construction Committee, for the erection of hospital additions and warehouses, were submitted:

484 1. Additional Construction Work at Camp Wheeler, Macon Ga.; Contractor, W. Z. Williams Co., Macon Ga.

2. Additional Construction Work at Camp Cody, Deming, N. M.; Contractor, . . W. Thompson, St. Louis, Mo.

3. Additional Construction Work at Camp Doniphan, Fort Sill, Okla., Contractor, Selden Brick Constr. Co., St. Louis, Mo.

4. Additional Construction Work at Camp McClellan, Anniston, Ala.; Contractor, A. W. Stoolman, Champaign and Urban, Ill.

5. Additional Construction Work at Camp Zachary Taylor, Louisville, Ky.; Contractor, Alfred Struck Company, Louisville, Ky.

6. Additional Construction Work at Camp Shelby, Hattiesburg, Miss.; Contractor, Richard McCarthy, Jr., New Orleans, La.

7. Additional Construction Work at Camp Kearney, Linda Vista, Calif.; Contractor, John Roberts Company, San Diego, Cal.

8. Additional Construction Work at Camp Fremont, Palo Alto, Calif.; Contractor, Lindgren Company, San Francisco, Calif.

9. Barracks at Bush Terminal, New York; Contractor, William Crawford, New York City.

10. Additional Construction Work at Camp Custer, Battle Creek, Mich.; Contractor, W. E. Wood Company, Detroit, Mich.

11. Additional Construction Work at Camp Hancock, Augusta, Ga.; Contractor, W. H. Fissell & Co., New York City.

12. Additional Construction Work at Camp Beauregard, Alexandria, La.; Contractor, J. W. Snyder Co., Chicago, Ill.

13. Additional Construction Work at Camp Dodge, Des Moines, Iowa; Contractor, Charles Weitz' Sons, Des Moines, Iowa.

14. Additional Construction Work at Camp Upton, Yaphank, L. I.; Contractor, C. H. & R. S. Peckworth Co., Inc., New York City.

15. Additional Construction Work at Camp Grant, Rockford, Ill.; Contractor, Henry Ericsson Company, Chicago, Ill.

16. Additional Construction Work at Camp Travis, San Antonio, Tex.; Contractor, McKenzie Construction Co., San Aantonio, Tex.

485 17. Additional Construction Work at Camp Lewis, American Lake, Washington; Contractor, The Construction Co., Tacoma, Wash.

18. Additional Construction Work at Camp Pike, Little Rock, Ark.; Contractor, Stewart-Mogehee Construction Co., Little Rock, Ark.

19. Additional Construction Work at Camp Jackson, Columbia, S. C.; Contractor, Harry F. Haun, Winston-Salem, N. C.

20. Additional Construction Work at Camp Sevier, Greenville, S. C.; Contractor, Gallivan Building Co., Greenville, S. C.

21. Additional Construction Work at Camp McArthur, Waco, Texas; Contractor, Blome Sinek Company, Chicago, Ill.

22. Additional Construction Work at Camp Sheridan, Montgomery, Ala.; Contractor, Paschan Bros., Chicago, Ill.

23. Additional Construction Work at Camp Logan, Houston, Texas; Contractor, Horton & Horton, Houston, Tex.

24. Additional Construction Work at Camp Gordon, Atlanta, Ga.; Contractor, Southern Ferro Concrete Co., Atlanta, Ga.

25 Additional Construction Work at Camp Meade, Admiral, Md.; Contractor, Osborne, Johnston & Co., Inc., Baltimore, Md.

26. Additional Construction Work at Camp Wadsworth, Spartansburg, S. C.; Contractor, Fiske-Carter Construction Co., Greenville, S. C.

27. Additional Construction Work at Camp Dix, Wrightstown, N. J.; Contractor, John W. Ferguson Company.

28. Additional Construction Work at Camp Lee, Petersburg, Va.; Contractor, Harrison Construction Co. and Petersburg Terminal Co., Petersburg, Va.

29. Additional Construction Work at Camp Bowie, Fort Worth, Texas; Contractor, Bryce Building Co., Fort Worth, Tex.

30. Additional Construction Work at Camp Sherman, Chillicothe, Ohio; Contractor, D. W. McGrath, Columbus, Ohio.

31. Additional Construction Work at Camp Funston, Fort Riley, Kans.; Contractor, L. Gray Construction Co., Kansas City, Mo.

486 The Board approved these recommendations with the understanding that the terms of the contract are in accordance with the general form of emergency contracts as previously approved.

Organization—Resignation of Mr. Eugene Meyer, Jr.—Memorandum of Feb. 15th from Mr. Baruch was submitted notifying the Board that Mr. Eugene Meyer, Jr., had resigned as chief of his division handling nonferrous metals. Mr. Meyer's resignation was accepted by the Board with regrets. Mr. Yeatman's appointment to succeed Mr. Meyer was approved by the Board.

Labor—(a) Ohio Crane Company, Bucyrus, Ohio.—Mr. Frayne advised the Board of the present conditions at the plant of the Ohio Crane Company at Bucyrus, Ohio, as regards to skilled mechanics. This matter was referred to Mr. Brookings and Mr. Frayne with power to act.

(b) *Strike of the Longshoremen.*—For the information of the Board, Mr. Frayne advised that the Longshoremen in the New York district had gone back to work pending the settlement of their difficulties by mediation.

(c) *Cloth Weavers Strike at Philadelphia.*—For the information of the Board, Mr. Frayne reported that for the past sixteen weeks, in some of the plants, every possible effort on the part of the Department of Labor and the officials of the Textile Workers of America has been used to bring about an amicable adjustment of this trouble. He was requested by the Board to take this matter up with the Quartermaster's Department.

487 (*d*) *Letter from John F. Quinn relative to Industrial situation at New Britain, Conn.*—For the information of the Board and as a matter of record Mr. Frayne stated that the question raised by the International Association of Mechanics as per Mr. John F. Quinn's letter had been referred to the Secretary of Labor for such action as he sees fit to take in the matter.

(*e*) *International Ladies Garment Workers Union.*—For the information and record of the Board Mr. Frayne submitted a letter from Mr. Schlesinger, President of the above organization, dated January 31st, together with correspondence regarding the same.

(*f*) *Situation at Arminius Mines.*—For the information of the Board memorandum was filed showing disposition made of the complaint in regard to the shortage of labor of the Arminins Chemical Company with mines at Mineral, Louisa County, Virginia.

Shortages—Needles.—In accordance with the request from the Clearance Committee of February 14th it is recommended that needles be placed on the shortage or Clearance list.

The meeting adjourned at 1:15 P. M.

(Sgd.) H. P. INGELS,
Acting Secretary.

488 **Meeting of the War Industries Board held Monday, February 18, 1918, at 11:45 A. M., in Room 52, C. N. D. Building**

Present: Judge Lovett, Presiding; Mr. Baruch; Mr. Brookings; Admiral Fletcher; General Pierce; Mr. Ingels, Acting Secretary.

Organization—Reading of the Minutes.—The Minutes of the meetings held Wednesday, February 13th, and February 15th were read and approved.

Steel—Proposed loan of $20,000,000 to Bethlehem Steel Company.—For the information of the Board Mr. Baruch advised that he had consulted with Secretary McAdoo, that the Secretary advised that his bill is proposed to take care of this but that under the present conditions he is powerless to render any immediate assistance.

Explosives.—For the information of the Board General Pierce advised that a complete survey has been made of the explosive situation covering the requirements of our Allies as well as our own.

Shortages.—The issuance of the revised shortage list by the
489 Clearance Committee was approved by the Board subject to the approval and instructions of General Pierce.

The meeting adjourned at 12:30 P. M.

(Sgd.) H. P. INGELS,
Acting Secretary.

490 **Meeting of the War Industries Board held Wednesday, February 20, 1918, at 11:45 A. M., in Room 52, C. N. D. Building**

Present: Judge Lovett, Presiding; Mr. Baruch; Mr. Brookings; Mr. Frayne; Admiral Fletcher; General Pierce; Mr. Ingels, Acting Secretary.

Organization—Reading of the Minutes.—Minutes of the meeting held Monday, February 18th, were read and approved.

Coal—Proposed construction of By-products plant by Mr. Roberts.—Mr. Brookings submitted the following letter from Col. McRoberts:

WASHINGTON, D. C., *Feb. 16, 1918.*

MR. ROBERT S. BROOKINGS,
Commissioner Finished Products, War Industries Board,
Council of National Defense, Washington, D. C.

MY DEAR MR. BROOKINGS: I have your letter of February 16th. This proposition of Mr. Roberts of building by-product ovens, for what has previously been considered non-cokeable coal, has been in the Department for a number of months, has been very fully investigated and declined. The proposition involved the Government furnishing money for the building of the ovens.
491 There were one or two reports which were favorable, but the weight of evidence was against the practicability of the Government making the large expenditures called for, in view of the uncertainties which had to be taken into consideration. If you care to examine the file of the Ordnance Department on the subject, I would be very glad to show it to you.

Yours very truly.

(Signed) SAMUEL MCROBERTS,
Colonel, Ordnance N. A.

In view of the above letter the Board resolved to take no further action in the matter. Mr. Baruch did not vote.

Organization.—Mr. Brookings reported the appointment of Mr. George E. Smith to take charge of linen thread. This appointment

was approved with the understanding that all prices are to be fixed by the War Industries Board.

Labor—(*a*) *Marion Extract Company.*—Mr. Frayne advised the question of this company employing interned Germans is now in the hands of the General Attorney for a decision.

(*b*) *Strike of Freight Handlers at Cleveland.*—For the information of the Board, Mr. Frayne stated a representative had been sent to Cleveland to investigate and if possible settle this difficulty.

Chemicals—Prices for Formaldehyde, Acetic Acid, Glacial acetic acid.—After considering recommendations as outlined in Mr.
492 Summers' memorandum of February 16th the following maximum prices were approved by the Board in accordance with agreements made by Mr. Summers:

(a) Formaldehyde manufactured from Government materials 15¼¢ per pound, exclusive of packing f. o. b. Manufacturer's works.

(b) 100% Acetic acid 14¾¢ per pound, exclusive of packing, f. o. b. Manufacturer's works.

(c) Glacial Acetic acid, 19¢ per pound, exclusive of packing, f. o. b. Manufacturer's works.

It is agreed that these materials will be sold at the above prices to the Government, our Allies, and to the public, and that the War Industries Board will supervise the distribution of the same.

Emergency Construction.—The following recommendation from the Emergency Construction Committee was submitted.

1. Quartermaster Storage Terminal at Charleston, N. C., Contractor; Degnon Contracting Co., Long Island City, N. Y.

The Board approved this recommendation with the understanding that the terms of the contract are in accordance with the general form of emergency contract as previously approved by the Board.

Imports—Regulation of.—The following letter from Dean Gay dated February 17th was read for the information of the Board:

493 FEBRUARY 20, 1918.

From: Mr. Edwin F. Gay, U. S. Shipping Board.
To: General P. E. Pierce.

Acting as Director of the Division of Planning and Statistics of the Shipping Board, and in this capacity responsible to the Shipping Control Committee (headed by Mr. Franklin) for the allocation of shipping, and acting also as representative for the Shipping Board on the War Trade Board, and in this capacity acting with the Imports Division, responsible for the issuance of licenses for imports, I plan to restrict imports in order to release vessels for army use in the following manner:

After careful consideration to the Commodity experts of the two boards (Shipping Board and the War Trade Board), and in consultation with the experts of other departments of the Government, especially the War Industries Board, a list will be drawn up of four groups of commodities:

1st. A miscellaneous list, requiring mainly small tonnage the importation of which may be prohibited without calling for specially trade conferences, but by giving notice to the trades involved.

2nd. A group of commodities, the importation of which may be prohibited, but which calls for prior consultation with the Trades affected in order that they may adjust themselves to the situation.

3rd. A group of commodities, involving considerable tonnage the importation of which should be restricted, and which also calls for trade conference prior to issuing the recommendations reducing tonnage.

4th. Those most vital commodities, the importation of which should be encouraged as far as possible.

In advance of any action the Government departments will be consulted, including the State Department, for the consideration of diplomatic and political features, the Treasury Department for the balance of international pay-

ments or other interests, the Department of Commerce and the Department of Agriculture where their interests are affected.

The object of the trade conferences is not merely to secure fuller
494 knowledge of the situation, but also to secure the cooperation and support of the business interests of the country.

The recommendations so reached are to go to the Shipping Board for the allocation of ships and to the War Trade Board for the issuance of imports licenses. The common control and fair allocation of commodities restricted, as far as possible, should be carried out by existing agencies of the Government which have machinery already established for the purpose; or in which machinery can easily be installed. The War Industries Board with its existing agencies including the Priorities Committee would be the organization through which a considerable proportion of these trade adjustments could be made.

It is understood that in regard to all matters affecting military needs, the information to precede action should be obtained through the agency of Mr. Charles Day from General Pierce.

(Signed) EDWIN F. GAY.

Power—Shortage of in the District served by the Public Service Electric Company of New Jersey.—Mr. Darlington's memorandum of February 16th, together with report on the power situation in the territory served by the above Company, was submitted and ordered filed for future reference.

Explosives.—General Pierce stated that the War Council wished to be advised:

1. As to the possible supply of ammonium nitrate to be had by encouraging people to make nitrate beds using manure.

2. Report was requested as to the advisability of regulating or eliminating the use of powder for sport purposes, particularly for trap shooting.

Same was referred to Mr. Summers for investigation.

495 *Copper—Claim of L. Vogelstein & Co.*—Letter from Reeves & Todd of February 16th regarding this claim was submitted to the Board. The Acting Secretary was instructed to confer with Mr. Yeatman and unless he advised to the contrary to write Reeves & Todd stating that after due consideration the Board could take no action in this matter.

The meeting adjourned at 1:00 P. M.

(Sgd.) H. P. INGELS,
Acting Secretary.

496 Meeting of the War Industries Board held Thursday, Feb. 21, 1918, at 11:45 A. M., in Room 52, C. N. D. Building

Present: Judge Lovett, Presiding; Mr. Baruch; Mr. Brookings; Mr. Frayne; Admiral Fletcher; General Pierce; Mr. Ingels, Acting Secretary.

Organization—Reading of the Minutes.—The minutes of the meeting held Wednesday, February 20th, at 11:45 A. M., were read and approved.

Optical Glass and Optical Instruments.—For the information of the Board Mr. Brookings read his memorandum addressed to General Pierce calling attention to the difficulty that he is experiencing in obtaining the proper cooperation from some of the Departments towards the organization of his Optical Glass Division.

Organization—Plans for properly regulating loading and unloading facilities at ports.—For the information of the Board Mr. Brookings read memorandum from Alex C. Brown, Crane Section, dated February 21st regarding loading facilities at
497 ports of embarkation in the United States and unloading facilities at ports of debarkation in France. This referred to General Pierce for his attention and ordered that a copy be sent to the Priorities Committee.

Nickel—Price Fixing.—Communication from the Navy Department requesting the attitude of the Board towards fixing a maximum price for nickel was submitted and referred to Mr. Baruch with the understanding that he would discuss the question with the Secretary of the Navy and report to the Board.

T. N. T.—For the information of the Board Admiral Fletcher read memorandum from Admiral Earle dated February 19th wherein he stated that the proposed order to be placed with the DuPont Company at Barksdale, Wisconsin, is under negotiation but final agreement has not been reached.

Emergency Construction.—The following recommendations from the Committee on Emergency Construction were submitted:

1. Additional Construction work at Camp Devens, Ayer, Mass., Contractor: Coleman Bros., Chelsea, Mass.

2. Temporary Warehouses at Buffalo, N. Y., Contractor: The John W. Cowper Company, Buffalo, N. Y.

3. Temporary Quartermaster Warehouses at Columbus, Ohio, Contractor: The Hunkin-Conkey Construction Co., Cleveland, O.

498 4. Temporary Warehouses at Albany, N. Y., Contractor: Feeney & Sheehan Building Co., Albany, N. Y.

The Board approved these recommendations with the understanding that the terms of the contract are in accordance with the general form of emergency contracts as previously approved by the Board.

Fuel Oil—For DuPont Company.—Memorandum dated February 21st from the DuPont Company stating the necessity of having the Oil Administrator issue instructions to have delivery of fuel oil maintained, was submitted and referred to Mr. Baruch for his attention.

Organization.—Memorandum of February 14th from Major Starrett requesting that Mr. J. B. Lipponcott be commissioned as a Major and assigned to duty with the Emergency Construction Committee, was submitted and the Board recommended that this be done.

The meeting adjourned at 1:20 P. M.

(sgd.) H. P. INGELS, *Acting Secretary.*

499 Meeting of the War Industries Board, held Monday, February 25, 1918, at 11:45 A. M., in Room 52, C. N. D. Building

Present: Judge Lovett, Presiding; Mr. Baruch; Mr. Brookings; Admiral Fletcher; General Pierce; Mr. Ingels, Acting Secretary.

Organization—Reading of the Minutes.—Minutes of the Meeting held Thursday, February 21st, at 11:45 A. M., were read and approved.

Iron—Price for Acid Proof Castings.—Lieutenant Colonel White of the Nitrates Division of the Ordnance Department was invited

into the meeting. He called attention to the requirements for acid proof castings. In view of the fact that only three foundries are equipped to manufacture these castings and considering the high prices submitted by them, the Board was requested to recommend a fair and just price. This matter was referred to Mr. Replogle for recommendation.

500 *Machine Guns—Royalty to be paid for the Lewis Patents.*—Mr. Bulkley was invited into the meeting to discuss the question of royalty to be paid for the Lewis patents. After some discussion it was decided to take a recess until 2:45 P. M.

The meeting adjourned at 1:15 P. M. to reconvene at 2:45 P. M.

(sgd.) H. P. INGELS,
Acting Secretary, War Industries Board.

501 **Special Meeting of the War Industries Board held Monday, February 25, 1918, at 2:45 P. M., in Room 52, of C. N. D. Building**

Present: Judge Lovett, Presiding; Mr. Baruch; Mr. Brookings; Admiral Fletcher; General Pierce; Mr. Ingels, Acting Secretary; also Mr. Bulkley; Colonel Little.

Machine Guns—Royalty to be paid for the Lewis Patents.—The discussion as to a fair compensation for use of the Lewis patents was continued. After considering the information submitted by Colonel Little and Mr. Bulkley the matter was referred to Colonel Little with the understanding that he would consult with Mr. Calfee and, if possible, to make a settlement on a better basis than the proposition as outlined by Mr. Calfee in his letter of December 29, 1917, and if impossible to make a better settlement that he should agree to the terms as outlined in this letter.

502 *Optical Glass and Optical Instruments.*—For the information of the Board, Mr. Brookings stated that he had arranged for a meeting on Tuesday, February 26th, with certain manufacturers and representatives of the various departments interested for the purpose of deciding on a definite method of procedure toward increasing production.

Emergency Construction.—The following recommendations from the Committee on Emergency Construction were submitted:

1. Chemical Manufacturing Plant (near) Saltsville, Va. Contractor: Fraser, Brane & Company, New York, N. Y.

2. Additional Construction work at Camp Merritt, Tenafly, N. J., Contractor: W. H. Fissell & Co., New York City.

The Board approved these recommendations with the understanding that the terms of the contract are in accordance with the general form of emergency contract as previously approved by the board.

The meeting adjourned at 4:20 P. M.

(sgd.) H. P. INGELS, *Acting Secretary.*

503 **Meeting of the War Industries Board held Wednesday, February 27, 1918, at 11:45 A. M., in Room 52, C. N. D. Building**

Present: Judge Lovett, Presiding; Mr. Baruch; Mr. Brookings; Mr. Frayne; Admiral Fletcher; General Pierce; Mr. Ingels, Acting Secretary.

Organization—Reading of the Minutes.—The Minutes of the two meetings held Monday, Feb. 25th, were read and approved.

Emergency Construction.—The following recommendations from the Committee on Emergency Construction were submitted:

1. Aviation Training Camp (near) Sacramento Mills, Calif. Contractor: MacDonald & Kahn, San Francisco, Calif.

2. Permanent Quartermaster Warehouses at Boston, Mass. Contractor: W. F. Kearns Company, Cambridge, Mass.

The Board approved these recommendations with the understanding that the terms of the contract are in accordance with the general form of emergency contract as previously approved by the Board.

Emergency Construction—Aviation Field at Riverside, Calif.—After giving careful consideration to certain letters and telegrams filed with the Committee on Emergency Construction protesting against placing this contract with Twohy Bros. & Company, Mr. John Twohy, President of the Company was granted permission to appear before the Board and furnished certain information

504 from which it appeared that the President of the Company is, and for a number of years has been a resident of California. The Board confirms its recommendation made on February 6, 1918. In confirming previous recommendation due consideration was given to the fact that Twohy Bros. & Company had been given to understand some three weeks ago that they were to receive the contract and that the whole matter had progressed too far to justify any change in contractors. All members of the Board voted in favor of this action with the exception of Judge Lovett who is recorded as not voting.

Chemicals—Ammonia Compressors and Condensers.—Memorandum of February 21st from the Procurement Division of the Ordnance Department was submitted proposing to place an order with the Triumph Ice Machine Company for ammonia compressors and condensers at the total price of $45,163.00 f. o. b. cars, Cincinnati, Ohio. The Board sees no reason why this contract should not be placed.

Projectiles—Containers for fuses and ballistite rings for 3" Stokes Trench Mortar Shells, Mark I.—The Board sees no reason why the order should not be placed with George D. Ellis & Sons Company of Philadelphia for 842,000 containers as covered by memorandum from the Procurement Division, Ordnance Department, dated February 16.

Projectiles—Containers for cartridges and boosters for 3" Stokes Trench Mortar Shells, Mark I.—The Board approves that

505 order be placed with Heekin-Kahn Company, Cincinnati, Ohio, for 800,000 containers, at $40.57 per thousand. This in accordance with memorandum from the Procurement Division, Ordnance Department, dated February 16th.

Projectiles—Metal containers for fuses and ballistite rings for 3" Stokes Trench Mortar Shells, Mark I.—The Board sees no reason why an order should not be placed with Geuder-Paeschke & Frey Company, Milwaukee, Wis., for the manufacture of 1,500,000 metal containers, at $38.15 per thousand, crated f. o. b. Milwaukee. This is in accordance with memorandum from the Procurement Division dated February 16th.

Thread—Linen.—Mr. Brookings submitted certain papers to the Board regarding the distribution of linen thread, calling attention to the fact that the Government is at present using from 80% to 90% of the production. After some discussion it was recommended that the War Industries Board take over the distribution of all linen thread, pending the procuring of cost from the Federal Trade Commission. Prices will be based on the basic costs submitted by Mr. Smith.

The meeting adjourned at 1:15 P. M.

(sgd.) H. P. INGELS, *Acting Secretary.*

505 **Meeting of the War Industries Board held Thursday, February 28, 1918, at 11:45 A. M., Room 52, C. N. D. Building**

Present: Judge Lovett, Presiding; Mr. Baruch, Mr. Brookings; Admiral Fletcher; Mr. Frayne; General Pierce; Mr. Ingels, Acting Secretary.

Organization—Reading of the Minutes.—Minutes of the meeting held Wednesday, February 27, 1918, at 11:45 A. M., were read and approved.

Aluminum—Price Fixing.—The following letter, dated February 28th, addressed to the President, together with form of announcement, was approved by the Board:

FEBRUARY 28, 1918.

MY DEAR MR. PRESIDENT: After investigation by the Federal Trade Commission as to the cost of production for Aluminum, and after numerous conferences with the President of the Aluminum Company of America—the principal producer—it is recommended by the War Industries Board that a maximum price of 32 cents a pound f. o. b. the various plants in the United States and Canada of the Aluminum Company of America, and its subsidiaries, be fixed. Price subject to revision June 1st, 1918.

We would, however, call to your attention the fact that the "Base
507 Price" is the price of lots of 50 tons and over of ingot of a grade 98 to 99 percent. The differentials now in force for the sundry grades, quantities and shapes, will continue in force for new contracts taken after this date for 1918 delivery, subject to revision; and the Aluminum Company of America agrees not to raise differentials except after ample notice to the War Industries Board.

Deliveries on "indirect Government orders" to parties who now have contracts with the company producing aluminum at a base price in excess of 32 cents per pound shall be under such contracts, but the purchasing Government, on satisfactory proof that such amount has been delivered, shall get the benefit of a rebate amounting to the difference between the price such parties would be entitled to at a 32-cent base price and the contract price for the net weight of aluminum delivered to the Governments (plus the weight of the necessary and proper amount of scrap).

Deliveries which have been made on direct or indirect orders, subject to adjustment, shall be adjusted to the 32-cent base.

The conditions of the agreement made with the producers of aluminum are:

First. That they will not reduce the wages now being paid; Second, that they will sell to the Allies, to the public and to the Government at the same price;

Third, that they will take the necessary measures, under the direction of the War Industries Board, for the distribution of the aluminum to prevent it from falling into the hands of speculators who might increase the price to the public; and Fourth, that they pledge themselves to exert every effort necessary to keep up the production of aluminum so as to insure an adequate supply so long as the war lasts.

The Aluminum Company of America has agreed, independently of the contract for aluminum and largely as a patriotic measure, to build and equip a plant for the manufacture of ammonia by an entirely new process on which they have been experimenting for a number of years. The manufacture of this will add greatly to a stock of material most necessary for explosives and fertilizers, and might also be used after the war for ammonia for refrigeration purposes. A request was originally made that the Government should build
508 a power plant for the Aluminum Company, but now that the company is arranging to segregate a portion of the hydroelectric power plant now under construction in Tennessee, and which is expected to be placed in operation by October 1, 1918, it will be possible to utilize a portion of this power plant for the ammonia process. The Company agrees to proceed at once to build and equip the necessary buildings for the ammonia plant, the cost of which plant is roughly estimated at $4,000,000. After the conclusion of the war the power plant and most of the construction could be used for the direct manufacture of aluminum, and so would not be a complete loss to the company.

We enclose form of statement which we suggest to be suitable for issue by you in case you approve of our conclusions.

Very respectfully,

Signed. R. S. LOVETT,
Acting Chairman.

Encl:

FEBRUARY 28, 1918.

The PRESIDENT,
The White House, Washington, D. C.:

After investigation by the Federal Trade Commission as to the cost of production, the President has approved an agreement made by the War Industries Board with the producers of Aluminum, fixing a maximum price of 32 cents a pound at the various American plants, and their subsidiaries, subject to revision on June 1, 1918; such price to cover lots of 50 tons and over of ingot of a grade 98 to 99 per cent. The differentials now in force for the sundry grades, quantities, and shapes, will continue in force for new contracts.
509 Deliveries on "indirect Government orders" to parties who now have contracts with the company producing aluminum at a base price in excess of 32 cents a pound shall be under such contracts, but the purchasing Government, on satisfactory proof that such amount has been delivered, shall get the benefit of a rebate amounting to the difference between the price such parties would be entitled to at a 32-cent base price and the contract price for the net weight of aluminum delivered to the Governments, plus the weight of the necessary and proper amount of scrap.

Deliveries which have been made on direct or indirect orders, subject to adjustments shall be adjusted to the 32-cent basis.

The conditions of the agreement are:

First. That the producers will not reduce the wages now being paid; Second, that they will sell to the Allies, to the public, and to the Government at the same price; Third, that they will take the necessary measures, under the direction of the War Industries Board, for the distribution of the aluminum to prevent it from falling into the hands of speculators who might increase the price to the public; and, Fourth, that they pledge themselves to exert every effort necessary to keep up the production of aluminum so as to insure an adequate supply so long as the war lasts.

It is recommended that a maximum price of 32 cents per pound f. o. b. the various plants in the United States and Canada of the Aluminum Company of America and its subsidiaries, said price to be subject to revision June 1st, 1918, and to the conditions as outlined in the above letter.

510 *Gun Carriages.*—Memorandum from the Procurement Division, dated February 23rd, regarding proposed order covering 6,000 75 m/m gun carriages to be placed with the Willys-Overland

Company and the Rock Island Arsenal was submitted. The Board sees no reason why the orders should not be placed.

Machine Guns—Price on 22,000 Lewis Machine Guns, Aviation Type, Model 1917.—Memorandum dated February 20th from Lieut. Col. Little recommending that $214.00 per gun is a fair price for 22,000 guns as covered by order CMG 48. This price is exclusive of royalty. The Board approved the recommendation.

Organization.—War Prison Labor Committee.—Mr. Frayne submitted the following list of persons appointed by him as members of the War Prison Labor Committee:

Capt. H. L. Baldensperger, Representing Major I. S. Osborn, of the Reclamation Division of the Army.
Lieutenant Commander Charles Hartigan, Representing the Navy.
Anthony Caminetti, Commissioner General of Immigration, Representing the Department of Labor.
Dr. Charles H. Winslow, Representing the Federal Board for Vocational Education.
Dr. E. Stagg Whitin, Chairman Executive Council, National Committee on Prisons and Prison Labor.
John J. Manning, General Secretary-Treasurer Union Label Trades Department, Representing Labor.

The Board approved these appointments.

Exports—Regulation of.—Memorandum of February 27th
511 from the Acting Secretary of War, together with a resolution adopted by the War Council on February 26th was submitted to the Board. Mr. Charles Day was invited into the meeting to discuss proposed program for the regulation of exports. In accordance with the resolution passed by the War Council it was decided to call a special joint meeting on Monday, March 4th, with the War Industries Board and representatives of the Allied Purchasing Commission, the Shipping Board, the War Trade Board, Food Administration, and the War Council.

Monel Metal—Price Fixing.—The fixing of a maximum price for monel metal for the Government and our Allies was referred to Mr. Baruch with power to act for the Board.

The meeting adjourned at 12:45 P. M.

(sgd.) H. P. INGELS, *Acting Secretary.*

512 **Meeting of the War Industries Board, held Friday, March 1, 1918, at 11:45 A. M., in Room 52, C. N. D. Building**

Present: Judge Lovett, Presiding; Mr. Baruch; Mr. Brookings; Admiral Fletcher; General Pierce; Mr. Frayne; Mr. Ingels, Acting Secretary.

Organization—Reading of the Minutes.—Minutes of the meeting held Thursday, February 28th, 1918, were read and approved.

Labor—Cloth Weavers Strike at Philadelphia.—For the information of the Board, Mr. Frayne advised that a satisfactory settlement of this controversy was reached on Wednesday, February 27th, 1918.

Intelligence.—Mr. Frayne read a letter written from New York, dated February 23rd, addressed to Mr. Samuel Gompers, suggesting that a rendezvous of anarchists be investigated. The letter was referred to the Department of Justice.

Ordnance Schools—School at Bethlehem Steel Company.—For the information of the Board and as a matter of record, General

513 Pierce read a letter dated February 20th from General Wheeler, in which he advises the Ordnance Department would not undertake establishing an Ordnance Training School at the works of the Bethlehem Steel Company.

Emergency Construction—Mobilization of Hollow Building Tile Industry.—A memorandum dated March 1st from the Emergency Construction Committee outlining the Committee's understanding as to how it should proceed to mobilize hollow-building-tile industry. These plans were approved by the Board, with the understanding that action taken in the matter would come under the supervision of Mr. Brookings' Division.

Shortages—Bandage Cloths and print cloths.—In accordance with memorandum dated February 28th from the Clearance Committee, it is recommended that bandage cloths and print cloths be placed on the shortage or Clearance List.

Chemicals—Nitrate situation.—Mr. Baruch called the attention of the Board to the critical condition of the Nitrates situation. It was requested that General Pierce take this question up with the War Council.

The meeting adjourned at 12:50 P. M.

(sgd.) H. P. INGELS,
Acting Secretary.

514 **Meeting of the War Industries Board held Monday, March 4th, 1918, at 11:45 A. M., in Room 52, C. N. D. Building**

Present: Judge Lovett, Presiding; Mr. Baruch; Mr. Brookings; Admiral Fletcher; Mr. Ingels, Acting Secretary.

Organization—Reading of the Minutes.—Minutes of the meeting held Friday March 1st, at 11:45 A. M., were read and approved.

Aluminum—Fixing of maximum price.—For the information of the Board, a letter from the President dated March 2nd was read, in which letter he approved recommendation made by this Board.

Machine Gun Committee.—Memorandum from Colonel Little was read suggesting that the Machine Gun Committee be discontinued and that its activities be taken over by the Procurement Division of the Ordnance Department. Same was referred to Mr. Brookings for his recommendation before any action is taken by the Board.

Cement—Price Fixing.—After considering certain correspondence from the Department of Justice regarding cement industry, it
515 was recommended that the following letter be sent to the Department of Justice:

MARCH 4, 1918.

HON. G. CARROLL TODD,
Assistant to the Attorney General,
Department of Justice, Washington.

DEAR SIR: Mr. Eugene Meyer, Jr., has referred to the War Industries Board your letter of the 13th ultimo addressed to him, and which came in his absence, about the cement industry; and I am directed by the Board to write you as follows:

The only documentary evidence upon which the War Industries Board acted in determining the price to be paid by the Government (not by the public) for cement was the report of the Federal Trade Commission, the report of Mr. Humphrey, and Mr. Meyer's recommendation, copies of all of which the Board understands are now in your possession. The War Industries Board in dealing with question of price of materials required by the Government

considers a great variety of circumstances—cost data, changing element therein, former prices, especially the urgency of the need and availability of the needed supply, etc.; and without undertaking to weigh evidence as in judicial proceedings, the Board applies its business judgment and common sense in the light of all the circumstances to the particular object in hand, which is to get what the Government needs when it is needed upon the fairest terms the Board is able to arrive at, and the time allowed, and the lights before it. Thus it dealt with the question of cement prices, which it fixed for the first four months in 1918, and the Board is not disposed to reconsider the subject during that period, except as to prices that are to become effective thereafter.

The Board does not consider that its action should interfere in any way with any measures the Department of Justice may contemplate for the enforcement of any law that the cement producers or dealers may have violated at any time. The Board did not make any investigation as to any such violations. The Federal Trade Commission has made, apparently, an exhaustive study of the cement business. The War Industries Board did not conceive it to be the duty of the Board, and it had not the facilities to institute investigations to ascertain whether there was any illegal conspiracy in the trade. The result of its action in fixing prices in any case should be considered in the light of the circumstances under which and the purposes for which it acts—getting within the time required an adequate supply of war materials which the Government needs; and the price question, though always important, is, after all, not the first consideration, and there should always be considered the fact, as illustrated by its action with respect to steel prices, that it uses a very broad business judgment in a great emergency without regarding too strictly Federal Trade Commission reports or other cost data.

Very respectfully,

Signed: H. P. INGELS,
Acting Secretary.

The meeting adjourned at 12:30 P. M.

Sgd. H. P. INGELS,
Acting Secretary.

516 **Special Joint Meeting of the War Industries Board held Monday, March 4, 1918, at 2:30 P. M., in Room 52, C. N. D. Building**

Present: Representing the War Industries Board: Mr. Brookings, Admiral Fletcher, General Pierce, Mr. Ingels, Acting Secretary. Representing Food Administration: Dr. Taylor. Representing the Shipping Board: Dean Gay. Representing War Council & Shipping Board: Charles Day. Representing War Trade Board: Mr. White and Mr. Dennison. Representing the War Council: Colonel Hines. Representing Allied Purchasing Commission, Mr. Alex Legge.

Mr. Brookings, in explaining the purpose of the meeting, read the following resolution adopted by the War Council on February 26th:

The Council is convinced that the Ship Control Committee cannot make a dependable estimate of the Army supplies and equipment which it can transport to France prior to July first unless that Committee is authoritatively informed of the import and export requirements during the same period.

As a result of the resolution adopted by the Council on February 7, 1918, measures have been adopted which promise to result in a definition of our maximum import requirements, through a department which has been created by the War Trade Board and which, when properly organized, should be able to give the requisite information concerning imports to the Ship Control Committee.

517 No such agency has been created, insofar as the Council has been informed, for the control of exports. This matter is one, however, in which the Allies are especially concerned; and as the movement of our Army

is curtailed to the extent that ships are diverted to such service, it would appear that the larger questions of policy should receive the consideration of some authoritative interallied tribunal.

There exist today, the War Industries Board, the Allied Purchasing Commission, the Shipping Board, the War Trade Board, the Food Administration and the War Council, all of which should participate in the consideration of the problem.

Therefore, be it resolved that it is the sense of the War Council that the War Industries Board should be instructed to confer with the Allied Purchasing Commission, the Shipping Board, the War Trade Board, the Food Administration and the War Council, as to ways and means of ascertaining with the greatest expedition practicable, the manner in which the exports of the United States should be administered, with a view to rendering the maximum assistance to the Allies consistent with the diversion of a minimum amount of tonnage from strictly Army use.

Mr. White stated that the power to issue licenses, if properly applied, could practically regulate exports:

(a) By issuing no licenses covering material going to neutrals where shipments would likely come into the hands of our enemies.

(b) By issuing no Export Licenses covering material that would deplete our needs.

(c) Excepting European shipments, imports of necessities would automatically determine exports.

Mr. Legge stated that the French and Italian Missions here control the imports into their countries, and that imports into England are not controlled by the Imports Board in London.

518 After a general discussion it was agreed that the necessary power to regulate exports now exists, that the real thing before the meeting is the determining of a definite plan of procedure as how best to exercise this power. It was moved and duly seconded that Mr. Day, Mr. White, and Mr. Legge be appointed a subcommittee to draw up a definite plan of procedure, said plan to be reported at a meeting to be called whenever Mr. Legge notifies Mr. Brookings that said subcommittee is ready to submit its report.

The meeting adjourned.

(Sgd.) H. P. INGELS,
Acting Secretary.

519 **Meeting of the War Industries Board held Wednesday, March 6, 1918, At 11:45 A. M., Room 52, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Brookings; Admiral Fletcher; Mr. Frayne; General Pierce; Mr. Ingels, Acting Secretary.

Organization—Reading of the Minutes.—Minutes of the regular and of the special meetings held on Monday March 4th, were read and approved.

Organization.—In assuming the duties and responsibilities as Chairman of the Board, Mr. Baruch requests the cooperation of the present members.

After discussing at length the President's letter appointing Mr. Baruch as Chairman and outlining his duties, attention was called to the fact that in determining priorities the Army and Navy were not represented. Admiral Fletcher and General Pierce were re-

quested to outline a method of procedure for establishing priorities, the said plan to be submitted to the Board for approval.

519a The President's letter to Mr. Baruch is as follows:

THE WHITE HOUSE,
Washington, March 4, 1918.

DEAR MR. BARUCH: I am writing to ask if you will accept appointment as Chairman of the War Industries Board, and I am going to take the liberty at the same time of outlining the functions, the constitution and action of the Board as I think they should now be established.

The functions of the Board should be:

1) The creation of new facilities and the disclosing if necessary the opening up, of new or additional sources of supply;

2) The conversion of existing facilities, where necessary to new uses;

3) The studious conservation of resources and facilities by scientific, commercial, and industrial economies;

4) Advice to the several purchasing agencies of the Government with regard to the prices to be paid;

5) The determination, wherever necessary, of priorities of production and of delivery and of the proportions of any given article to be made immediately accessible to the several purchasing agencies when the supply of that article is insufficient, either temporarily or permanently;

6) The making of purchases for the Allies.

The Board should be constituted as at present and should retain, so far as necessary and so far as consistent with the character and purposes of the reorganization, its present advisory agencies; but the ultimate decision of all questions, except the determination of prices, should rest always with the chairman, the other members acting in a cooperative and advisory capacity.

The further organization of advice I will indicate below.

519b In the determination of priorities of production, when it is not possible to have the full supply of any article that is needed produced at once, the Chairman should be assisted, and so far as practically guided, by the present priorities organization or its equivalent.

In the determination of priorities of delivery, when they must be determined, he should be assisted when necessary, in addition to the present priorities organization, by the advice and cooperation of a committee constituted for the purpose and consisting of official representatives of the Food Administration, the Fuel Administration, the Railway Administration, the Shipping Board, and the War Trade Board, in order that when a priority of delivery has been determined there may be common, consistent and concerted action to carry it into effect.

In the determination of prices the Chairman should be governed by the advice of a committee consisting, besides himself, of the members of the Board immediately charged with the study of raw materials and of manufactured products, of the labor member of the Board, of the Chairman of the Federal Trade Commission, the Chairman of the Tariff Commission, and the Fuel Administrator.

The Chairman should be constantly and systematically informed of all contracts, purchases, and deliveries, in order that he may have always before him a schematized analysis of the progress of business in the several supply divisions of the Government in all Departments.

The duties of the Chairman are:

1) To act for the joint and several benefit of all the supply departments of the Government:

2) To let alone what is being successfully done and interfere as little as possible with the present normal processes of purchase and delivery in the several Departments;

3) To guide and assist whenever the need for guidance or assistance may be revealed: for example, in the allocation of contracts, in obtaining access to materials in any way preempted, or in the disclosure of sources of supply;

519c (4) To determine what is to be done when there is any competitive or other conflict of interest between Departments in the matter of supplies; for example, when there is not a sufficient immediate supply for all and

there must be a decision as to priority of need or delivery, or when there is a competition for the same source of manufacture or supply, or when contracts have not been placed in such a way as to get advantage of the full productive capacity of the country;

(5) To see that contracts and deliveries are followed up to where such assistance as is indicated under (3) and (4) above has proved to be necessary.

(6) To anticipate the prospective needs of the several supply departments of the Government and their feasible adjustment to the industry of the country as far in advance as possible, in order that as definite an outlook and opportunity for planning as possible may be afforded the business men of the country.

In brief, he should act as the general eye of all supply departments in the field of industry.

Cordially and sincerely yours,

(Signed) WOODROW WILSON.

MR. BERNARD M. BARUCH.

520 *Organization—Resignation of Mr. John H. McGibbons.*—A memorandum from Major W. A. Starrett, Chairman of the Committee on Emergency Construction, together with certain papers, were submitted to the Board. In this memorandum Major Starrett stated that "he had acceped the resignation of Mr. McGibbons, at the same time recognizing the faithful and valuable services he has rendered to the Committee." The Board approves the acceptance of his resignation but at the same time informs Major Starrett that rather than give Mr. McGibbons a letter of commendation, the Board was disposed to severely criticize him for his apparent irregular action.

Emergency Construction—Signal Corps Warehouses at Middletown, Pa.—Memorandum of February 25th from the Emergency Construction Committee was submitted recommending Wells Brothers Construction Company of Chicago, Ill., as contractor to erect the Signal Corps Warehouses at Middletown, Pa. This recommendation is approved, with the understanding that the terms of the contract are in accordance with the terms of emergency contract as previously approved by the Board, at the same time attention is invited to the two local contractors named as alternates. The Board is of the opinion that the interests of the Government will be well served by either of the three named.

521 *Iron—Acid-Proof Castings.*—In accordance with the request from the Ordnance Department as outlined in their memorandum of February 19th, signed by Colonel Joyes, together with certain other papers filed and in accordance with the verbal request made by Lieut. Col. White at the meeting held on February 25th, the Board recommends that a fair price for acid-proof castings is 16¢ to 17¢ per pound.

The Board approves the tentative agreement between the Duriron Castings Company of Dayton, Ohio, and the Nitrates Division of the Ordnance Department, dated January 25th, under which agreement additions will be made to the plant of this Company at Dayton amounting to approximately $80,000.

The meeting adjourned at 12:55 P. M.

(sgd.) H. P. INGELS, *Acting Secretary.*

522 **Meeting of the War Industries Board held Thursday, March 7, 1918, at 11:45 A. M., in Room 52, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Brookings; Mr. Frayne; Admiral Fletcher; General Pierce; Mr. Ingels, Acting Secretary.

Organization—Reading of the Minutes.—Minutes of the meeting held on Wednesday, March 6th, were read and approved.

Machine Guns—Price for Spare Parts, Standard Model: Lewis.—There was submitted a memorandum, dated March 6th, from Lieut. Col. Little, recommending that prices as tabulated in list dated January 7th, named as Exhibit B, be approved as fair and just and also recommending that the royalty of $100.00 per gun and 15% on spare parts be paid on Navy contracts Nos. 31147 and 32434, same to be held in escrow by the Savage Arms Corporation until April 1, 1918. The Board approves these recommendations.

Machine Gun Section—Discontinuing of Same.—Lieut. Col. Little in his memorandum stated that the Procurement and Production Divisions of the Ordnance Department, as now organized,
523 are in a position to purchase and supervise the production of machine guns. Admiral Fletcher stated that Colonel Little had discussed the question with him and that he, Admiral Fletcher, had taken the matter up with Admiral Earle, who saw no objection.

Considering the above statements, it is recommended and approved that the Machine Gun Section of the War Industries Board be discontinued.

Guns and Ammunition for Uruguay.—Memorandum of March 6th from the Secretary of the Navy was submitted to the Board, in which it was requested that facilities be given for the Legation of Uruguay to place an order with the Bethlehem Steel Company or other company for early delivery of the war munitions as requested in a letter from the State Department of January 27th, with attached memorandum of November 27th, 1917. Same was referred to Mr. Legge for such action as is necessary.

Howitzers—For the Norwegian Government.—Memorandum dated March 6th from the Secretary of the Navy recommending that the order of 12 cm. Howitzers placed with the Bethlehem Steel Company by the Norwegian Government be held in suspension
524 pending further notice from his Department. Forwarded approved to the Priorities Committee for the necessary action.

The meeting adjourned at 12:30 P. M.

sgd. H. P. Ingels,
Acting Secretary.

525 **Meeting of the War Industries Board held Friday, March 8th, 1918, at 11:45 A. M., in Room 52, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Brookings; Mr. Frayne; Admiral Fletcher; General Pierce; Mr. Ingels, Acting Secretary.

Cotton Duck—Allocation of duck to Navy.—Mr. Spencer Turner was invited into the meeting to discuss the prices and allocation of certain duck for the Navy Department. Memorandum dated March 7th listing prices and allocations was forwarded to the Bureau of Supplies and Accounts, Navy Department, approved by the War Industries Board, subject to the approval of Paymaster Hancock.

Emergency Construction—Hospital at Azalea, N. C.—Recommendation dated March 5th from the Committee on Emergency Construction naming Gude & Company of Atlanta, Ga., as contractor for the hospital at Azalea, North Carolina, was submitted. Before approving this recommendation due consideration was given to memorandum of March 7th from Major Starrett, giving
526 certain information concerning the financial standing of this company. This recommendation was approved, with the understanding that the terms of the contract are in accordance with the general form of emergency contract as previously approved by the Board.

Automobile Industry.—General Pierce stated that he did not consider that 30% reduction in the production of pleasure automobiles was sufficient, especially considering the heavy demand for skilled mechanics for overseas duty. General Pierce and Mr. Frayne were requested to consult with Mr. Peak and make a definite recommendation to the Board as to the proper action to be taken.

Machine Guns—Royalty to be paid for the Lewis Patent.—For the information of the Board and as a matter of record, memorandum dated March 7th from Lieut. Col. Little was submitted stating that he had arranged to have Mr. Calfee come to Washington within the next few days prepared to sign the contract in conformity with the terms of his offer of December 29th, 1917.

The meeting adjourned at 12:20 P. M.

(sgd.) H. P. Ingels, *Acting Secretary.*

527 **Meeting of the War Industries Board held Thursday, March 14, 1918, at 11:45 A. M., in Room 52, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Frayne; Mr. Replogle; Mr. Brookings; Admiral Fletcher; Judge Parker; Mr. Legge; Mr. Summers; Mr. H. P. Ingels, Acting Secretary.

Organization—Reading of the Minutes.—Minutes of the meetings held on March 7th and 8th were read and approved.

Organization—Price Fixing Committee.—Mr. Baruch announced that Mr. Brookings had accepted the Chairmanship of the Price Fixing Committee with the following members: Mr. R. S. Brookings, Chairman; Mr. B. M. Baruch; Mr. Hugh Frayne; Dr. T. W. Taussig, of the Tariff Commission; Mr. Wm. J. Harris, of the Federal Trade Commission; Mr. H. A. Garfield, of the Fuel Administration; Admiral Fletcher or Paymaster Hancock, of the Navy; General Pierce or Lt. Col. Young, of the Army.

528 The functions of this Committee to be:

1. To advise upon prices of basic materials.

2. From time to time to advise as to general price policies acting in this way as a coordinating price body.

3. The Committee will advise when requested by any Department upon a specific contract assuming, however, that no Department will submit for advice those problems which it is organized and qualified to handle itself.

4. When materials are commandeered prices of the same will be fixed by this Committee.

Mr. Brookings stated that owing to the fact that it will be necessary for him to give most of his time to the activities of the Price Fixing Committee, Mr. George N. Peek will handle practically all questions regarding finished products.

Leather—Hides, Leather, and Leather Goods Division.—Mr. Brookings read his memorandum of March 14th regarding a proposed division to be established by him on hides, leather, and leather goods. It was stated in this memorandum that due to the reorganization going on in the Quartermaster's Department, the question of hides, leather, and leather products has been one of negotiations between Mr. Brookings and Mr. Scott, representing the Quartermaster's Department, with as yet no definite results. It is agreed that the War Industries Board shall assume responsibility for
529 hides, leather prices, and production. Mr. Legge stated that arrangements were now being made to arrive at a satisfactory price for a large quantity of sheep skins required for the manufacture of jumpers and that as soon as the prices for these skins are determined that the organization of this Division would be effected.

Steel.—Mr. Replogle reports general improvements in the steel production and that the present difficulties with the plate mills was in securing sufficient quantity of coke and that the principal cause of this shortage was due to the lack of adequate car supply. In the Connellsville District car supply is down to 20%.

Shortages.—As requested by the Clearance Committee seamless drawn copper and brass tubing will be added to the shortage list.

Optical Glass—Division of Optical Glass and Optical Instruments.—For the information of the Board Mr. Brookings read his report of March 14th on the progress of this Division in which report he recommends the work of this Division be carried on under the direction of Mr. George Chattilon. It was recommended that the following orders be placed immediately:

1. 100,000 pounds glass with the Pittsburgh Plate Glass Company, price to be settled after the cost of production is ascertained.
530 2. 40,000 pounds glass with the Spencer Lens Company, conditions based upon the Government advancing the necessary money to erect two furnaces.

Emergency Construction.—The following recommendations from the Committee on Emergency Construction were submitted:

1. Concrete Office Building at Washington, D. C. Contractor: National Fire Proofing Company, Washington, New York, Chicago, Pittsburgh, Boston, Philadelphia, and Detroit.
2. Two Frame Office Buildings at Washington, D. C. Contractor: Boyle-Robertson Construction Co., Washington, D. C.

The Board approved these recommendations with the understanding that the terms of the contract are in accordance with the general form of emergency contract as previously approved by the Board.

Organization.—Until further notice there will be two regular meetings of the War Industries Board, on Tuesdays and Thursdays of each week, at 11:00 A. M.

The meeting adjourned at 12:30 A. M.

(sgd.) H. P. INGELS, *Acting Secretary.*

531 **Meeting of the War Industries Board held Tuesday, March 19th, at 11:00 A. M., in Room 52, C. N. D. Bldg.**

Present: Mr. Baruch, Chairman; Mr. Frayne; Mr. Legge; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Summers; Admiral Fletcher; Brig. Gen. Pierce; Mr. H. P. Ingels, Acting Secretary.

Organization—Reading of the Minutes.—Minutes of the meeting held Thursday, March 14th, were read and approved.

Seamless Drawn Tubing—Copper & Brass.—In view of the apparent shortage in seamless drawn copper and brass tubing Mr. Peek stated that Mr. J. P. Elton, Vice President of the American Brass Company had agreed to head a division on seamless drawn tubing.

Building Construction—Curtailment of Unnecessary building operations.—After some discussion as to how the public should be advised of the Board's general policy against unnecessary building operations, Judge Parker was requested to draft a form of announcement, same to be submitted on Thursday, March 21st.

532 *Acetone—Commandeering of a Distillery at Terre Haute, Indiana, by the Signal Corps for the Manufacture of.*—Mr. Summers explained that due to the attitude of the management it may be necessary for the Signal Corps to commandeer a distillery located at Terre Haute, Indiana. The Board approves this action.

For the information of the Board Brig. Gen. Pierce stated that all commandeering for the Army would be centralized in his office in accordance with a general order that is now being printed.

Nitrates.—In discussing the nitrates situation Mr. Baruch advised that the Agricultural Department had sold approximately 109,000 tons of nitrates to the farmers, the majority of which it would not be in a position to deliver. Due to the fact that certain importers of nitrates will be in a position to make delivery to the farmers, and in order to avoid placing the Department in an embarrassing position, the Secretary of Agriculture suggests that the nitrates owned by the importers be commandeered and the majority of the same used for the explosives program. This will add approximately 25,000 tons to the supply of nitrates for the manufacture of explosives. It was the unanimous opinion of the Board that this action be taken, the method of procedure to be determined upon further investigations and recommendation by Mr. Summers.

533 *Organization.*—Mr. Baruch called the Board's attention to a letter of March 18th from Mr. Stettinius, together with a memorandum of the same date giving his opinion as to the proper organization of the War Industries Board in order that it may cooperate most effectively with the Departments. It was ordered that a copy of this letter be sent to each member of the Board, the same to be discussed at the meeting on Thursday, March 21st.

Emergency Construction.—The following recommendations from the Emergency Construction Committee were submitted:

1. Cantonment at Morrison, Virginia, Contractor: Winston & Company, Kingston, N. Y.
2. Hospital Wards at Ft. Bayard, New Mexico, Contractor: V. E. Ware, El Paso, Texas.
3. Hospital at Denver, Colorado, Contractor: The C. S. Lambie Company, Denver, Colo.

The Board approved these recommendations with the understanding that the terms of the contract are in accordance with the general form of emergency contract as previously approved by the Board.

Emergency Construction—Temporary Warehouse at Albany, N. Y.—On February 20th, 1918, the Board approved the recommendation of the Emergency Construction Committee naming Feeney & Sheehan Building Company, of Albany, N. Y., as contractor for this work. The papers were returned by the Cantonment
534 Division for review on the grounds that the location of the temporary warehouse will be at Schenectady, New York. The Board confirms the recommendation of the Emergency Construction Committee dated February 20th, naming Feeney & Sheehan Building Company as contractor, at the same time forwarding to the Cantonment Division a copy of memorandum dated March 19th from the Emergency Construction Committee regarding John J. Turner & Son, of New Amsterdam, New York. The Board suggests that the firm of John J. Turner & Son be named as a third alternate.

The meeting adjourned at 12:30 P. M.

(sgd.) H. P. INGELS,
Acting Secretary.

535 **Meeting of the War Industries Board, held Thursday, March 21st, 1918, at 11:00 A. M., In Room 716, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Brookings; Mr. Frayne; Mr. Legge; Judge Parker; Mr. Peek; Mr. Summers; Admiral Fletcher; Brig. Gen. Pierce; Mr. H. P. Ingels, Acting Secretary.

Building Construction—Nonessentials.—Judge Parker read his resolution regarding the policy of the Board towards the discouraging of new building construction nonessential to the carrying on of the war. This was approved by the Board with the suggestion that Judge Parker would put it in a more condensed form. The Secretary was instructed to furnish Mr. Clarkson with a copy of the revised resolution for issuance to the public.

Power—Shortage of.—In order to relieve the shortage of power in certain districts Judge Parker stated that it would be advisable, in some instances, to tie in several generating plants with a high-tension transmission line. Considering that no legislation
536 provides for doing this and in some instances it will be an interstate proposition where state rights will have to be considered, Judge Parker was requested to draft a resolution urging that Government and State Authorities approve this plan. This resolution to be submitted at the next meeting for approval of the Board.

Organization.—For the information of the Board Judge Parker advised that Mr. T. C. Powell had been appointed to act as a representative of the Railroad Administration and that he would furnish any information requested by this Board.

Labor.—Mr. Frayne submitted a memorandum, dated March 21st, from the Acting Secretary of the War Prison Labor Committee together with a letter, dated March 20th, addressed to the Council of National Defense signed by Mr. Samuel Gompers, Mr. John J. Manning, Mr. Wm. L. Davenport, Mr. H. L. Eichelberger, and Mr. E. Staff Whitin urging that the War Industries Board recommend the passage of Prison Labor Bill, H. R. 9683. This was referred to Mr. Peek and Mr. Frayne with power to act for the Board.

Naval Guns.—Memorandum of March 18th from Mr. Vauclain, together with a memorandum of March 16th from the Bureau of Ordnance, Navy Department, requesting the awarding of 20 sets 16-inch, 45-caliber, rough gun and breech mechanism forgings to the Midvale Steel & Ordnance Company was submitted and
537 referred to Mr. Peek, Admiral Fletcher, and General Pierce with power to act for the Board.

Exports—Proper Administering of.—Mr. Legge submitted a copy of report of the subcommittee appointed to recommend a method for the proper administering of exports. This was approved and ordered that copies be sent to each person present at the Special Meeting held on March 4th, 1918.

The Meeting adjourned at 12:45 P. M.

(sgd.) H. P. INGELS, *Acting Secretary.*

538 **Meeting of the War Industries Board held Tuesday, May [1] 26, 1918, at 11:00 A. M. in Room 52, C. N. D. Bldg.**

Present: Mr. B. M. Baruch, Chairman; Mr. Hugh Frayne; Mr. J. L. Replogle; Mr. G. N. Peek; Judge Edwin B. Parker; Mr. L. L. Summers; Mr. Alex Legge; Mr. H. P. Ingels, Acting Secretary.

Organization—Reading of the Minutes.—Minutes of the meeting held Tuesday, March 19th, and Thursday, March 21st, were read and approved.

Artillery—Air and Liquid Pumps for use with 155 m/m and 240 m/m Howitzer.—Memorandum dated March 22nd from the Procurement Division, proposing to place contracts with the Yale & Towne Manufacturing Company for the following:

1,378 air pumps, Yale & Towne design, $47.95 each.

1,379 liquid pumps, Yale & Towne design, 38.13 each.

was submitted. Attention was called to the fact that not being consulted in the negotiations, the Board is not in a position to judge as to whether the interests of the Government have been fully protected; however, considering the emergency of the case, the Board sees no reason why the contract should not be placed.

539 *Wagons—Limbered Combat Wagons.*—Memorandum of March 21st signed by Mr. E. E. Parsonage, Chief of the Army Vehicle Section, recommending the price of $467.62 per unit was submitted and approved by the board.

Labor.—Mr. Frayne called the attention of the Board to reported reduction of rates being paid labor by certain sheet and tin plate mills. The matter was referred to him and Mr. Replogle with the understanding that they would confer with Mr. John Williams, President of the Amalgamated Association of Iron, Steel & Tin Workers.

[1] Probably Minutes of Meeting of March 26, 1918.

Exports—Contemplated purchase of materials by Foreign Interests to be held in this Country until termination of the War.—Mr. Legge called attention to the request from certain exporters regarding the Board's attitude towards allowing foreign interests to purchase materials, the same to be paid for and held in storage until the termination of the War. The Board is not in favor of allowing such purchases to be made. Judge Parker was requested to draft a resolution opposing such purchases, same to be submitted for the approval of the Board.

Emergency Construction.—Mr. Legge called attention to the fact that apparently no survey had been made of the anticipated building program to determine transportation requirements for the delivery of the necessary building materials. Especial attention
540 was called to the proposed construction of hospitals. It was the opinion of the Board that, if practical, Resort Hotels should be used for hospitals rather than the building of new ones. Mr. Baruch was to consult with the Surgeon General, Major General Gorgas, as to the advisability of doing this.

Colonel Starrett was invited into the meeting. His opinion was that a general study should be made of the entire proposed program, not only of the Army and Navy but also the Red Cross. It was the opinion of the Board that all building requirements should clear through the Requirements Section of the War Industries Board. Mr. Legge was requested to address letters to this effect to the following: Maj. Gen. Gorgas, Surgeon General; Brig. Gen. Wheeler, Chief of Ordnance; Maj. Gen. Goethals, Acting Quartermaster General; the Red Cross, and any other division authorizing building construction.

Steel—Requirements of Shell Steel, Plates, and Rails.—Mr. Replogle advised of the proposed requirements for shell steel, plates, and rails. The anticipated requirements of shell steel is 600,000 tons per month, and of plates 460,000 tons per month. He stated that steps were being taken to persuade some railroads to use Bessemer rails instead of Open Hearth. Realizing the necessity of maintain-
541 ing 100% operation of rail and plate mills Mr. Baruch was requested to take the matter of transportation and fuel supply up with Mr. McAdoo and report back to the Board.

Steel—Financial Assistance to Bethlehem Steel Co.—Mr. Replogle urged the necessity of arranging for the financial assistance requested by the Bethlehem Steel Company. He and Judge Parker were requested to recommend a definite plan for making a loan of $2,000,000 to the Bethlehem Steel Company.

Steel—Smiley Steel Company.—Attention was called to the report that the Smiley Steel Company proposes furnishing a certain tonnage of steel plate to Canadian interests at a price above the maximum price fixed by this Board. Mr. Baruch stated that he would request the Attorney General to investigate.

Emergency Construction—subcontractors for new office buildings in Washington, D. C.—Recommendation from Colonel Starrett, dated March 23rd naming as subcontractors Riggs, Distler & Stringer, Baltimore, Md. for heating and plumbing, L. K. Comstock Company, New York and Washington, for electrical work, was submitted and approved by the Board.

Emergency Construction.—The following recommendations from the Committee on Emergency Construction were submitted:

1. Temporary Tubercular Hospital at New Haven, Conn. Contractor: The Sperry Engineering Co., New Haven, Conn.
2. Aviation Field at Mt. Vernon, Virginia. Contractor: John T. Wilson Co., Inc., Richmond, Va.

542 3. Extension to Administration Building, Springfield Armory, Mass. Contractor: Adams & Ruxton Construction Company.

The Board approved these recommendations with the understanding that the terms of the contracts are in accordance with the general form of emergency contract as previously approved by the Board.

The meeting adjourned at 1:15 P. M.

(Sgd.) H. P. INGELS, *Acting Secretary.*

543 Meeting of the War Industries Board held Thursday, March 28, 1918, at 11:00 A. M., in Room 52, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Brookings; Mr. Frayne; Admiral Fletcher; General Pierce; Mr. Legge; Mr. Replogle; Judge Parker, Mr. H. P. Ingels, Secretary.

Organization—Reading of the Minutes.—Minutes of the meeting held Tuesday, March 26th, were read and approved.

Emergency Construction—Hospitals.—Mr. Baruch reported the result of his interview with the Surgeon General regarding the possibility of using Resort Hotels for hospitals instead of building new structures. Judge Parker was requested to draft a formal letter addressed to the Secretary of War calling his attention to the fact that, if practical to do so, the Board recommends the utilization of Resort Hotels for hospitals rather than increase the demand for materials, transportation, and labor by the construction of new hospitals.

544 General Pierce advised the Board that fire protection for hospitals to be erected, has been amply considered.

Steel.—During the discussion regarding the reported shortage of steel for ship building and of shell steel, the following points were brought out:

1. The first allotment of steel for twenty-five ships: 55% of the steel has been shipped from the mills, 35% received by the Fabricating plants, and only 5% fabricated.

2. Mr. Replogle stated that production of plates was increasing, that he expected there would be a shortage of fabricated steel actually delivered to the shipyards, but he felt the real cause of this delay will be due to the unnecessary transportation resulting from having the fabricating done at points distant from the mills where the steel is produced and from the yards where the ships are erected.

3. Mr. Replogle stated that the Ordnance Department had not called to his attention nor to the attention of the Board the recent changes in specifications of shell steel. He was requested to send a letter to General Wheeler, calling his attention to the reported recent changes in the specifications, also a letter to General Wheeler regarding the Ordnance Department not keeping in close touch with the Steel Administrator.

4. Attention was called to a reported order for 75,000 tons of steel for hangars by the Signal Corps. General Pierce stated he would investigate this.

5. Judge Parker stated that Mr. Stone told him that production at Hog Island was being held up, due to lack of plates. He further stated he
545 requested Mr. Stone to present the Steel Administrator a schedule showing the delivery of plate requirements of the Hog Island yard.

In order to straighten out these matters, Mr. Baruch stated that he would call a conference with the representatives of the Shipping Board for Monday, April 1st, at 10:30 A. M., to discuss the reported shortages of steel for ship construction, especially plates for the Hog Island yard.

Oil—Shortage of Production.—Letter from Mr. Requa dated March 15th, together with memorandum dated March 27th, addressed to Dr. Garfield, calling attention to the apparent shortage in oil production, was submitted. The Secretary was ordered to direct a letter to Mr. Requa, with the request that he make a definite recommendation to the Board as to the best method of increasing production.

Sights—Quadrant.—Memorandum dated March 25th from the Procurement Division, proposing to place an order with the Emerson Engineering Company for 800 quadrant sights at a price of $600.00 each, was referred to General Pierce, with power to act.

Sights.—Memorandum dated March 26th from the Procurement Division proposing to place an order with the Electric Auto-Lite Corporation for 2,632 75-m/m sights (French), Model 1901, at a price of $232.66, was submitted and referred to General Pierce, with power to act.

543 *Locks—Padlocks and Chains.*—Memorandum dated March 25th from the Procurement Division, Ordnance Department, proposing the placing of an order with the Corbin Lock Company for padlocks and chains, amounting in value to $109,729.14, was submitted and referred to General Pierce, with power to act.

Shortages.—Mr. Baruch stated that whenever it is discovered that there is apparently going to be a shortage of any necessary material that this Board must notify the Departments interested in this material of the pending shortages, so that they can arrange their program accordingly.

Organization.—For the information of the Board, Mr. Baruch announced that the following appointments had been made:

(*a*) Mr. George R. James, of Memphis, Tenn., would head a Division of Cotton Linters.

(*b*) Mr. Hugh W. Sanford would head a Division on Manganese, Tungsten, and Chrome.

The meeting adjourned at 12:15 P. M.

(sgd.) **H. P. Ingels**, *Acting Secretary.*

547 **Meeting of the War Industries Board held Tuesday, April 2, 1918, at 11:00 A. M., Room 52, C. N. D. Building**

Present: Mr. B. M. Baruch, Chairman; Mr. Brookings; Mr. Frayne; Admiral Fletcher; General Pierce; Mr. Legge; Judge Parker; Mr. Peek; Mr. Summers; Mr. H. P. Ingels, Secretary.

Organization—Reading of the Minutes.—Minutes of the meeting held Thursday, March 28th, were read and approved.

Explosives.—In discussing the general situation as regards to explosives for this Country and our Allies, the following points were developed.

1. There have been some instances where considerable quantities of explosives have been allowed to accumulate. Particular reference was made to thirty-three carloads consigned to the French. It is the opinion of the Board that arrangements should be made to place guards wherever there is an accumulation of explosives.

Admiral Fletcher requested a meeting of the Explosives Com-
548 mittee, to be held the latter part of this week, to discuss the general explosives situation, at which time reports will be received from the French and Italians. Results of this discussion to be reported back to the Board.

2. Mr. Summers raised the question as to whether or not ample magazine capacity has been provided, calling particular attention to the possible effect upon new-magazine construction caused by the falling off of cement production in the Pennsylvania district. As the falling off of this production is due primarily to the lack of cars, General Pierce and Admiral Fletcher stated that they would issue instructions to their respective Departments to have all cars unloaded promptly upon arriving at delivery points.

Chemicals—Picric Acid.—Mr. Summers stated that the Italian Government is ready to sign a contract with the Butterworth-Judson Company for Picric Acid at 71¢, also that the French wish to place orders to the amount of 10,000,000 pounds per month. These were referred to General Pierce, with power to act, with the understanding that he would report back to the Board at the meeting on Thursday, April 4th.

Nitrates—General Situation.—In reporting on the general situation as regards to nitrates, Mr. Baruch stated that they were
549 not getting sufficient bottoms to maintain requisite deliveries. Deliveries for March were approximately 88,000 tons, and for April, 64,000 tons. He requested General Pierce and Admiral Fletcher to notify their Departments of this situation, so that in giving further consideration to their explosives program they would be more able to figure on actual deliveries rather than on estimates.

Building Construction—Not necessary for the Prosecution of the War.—Reference was made to resolution passed by the Board on March 21st regarding the erection of industrial plants and the construction of public buildings and other improvements which will not contribute towards winning the war. It was suggested that a hearing be granted to the representatives of the Building Trade at 11:00 A. M., Thursday, April 4th.

Steel—General Situation.—For the information of the Board Mr. Replogle stated that 106,000 tons of plates were shipped last week and 90,000 tons of shell bars. There is a decided shortage in the production of pig iron due to lack of coke. He stated that consideration was being given to the conversion of structural mills for the rolling of shell bars, this being made necessary by the heavy demand for rails. Certain rail mills now rolling shell bars will be required for rolling rails. Mr. Baruch reported his conversation of this date with Judge Gary stated that he had told the Judge
550 he was looking to him to get the required capacity for the essential steel products, and looking to him not only as representing the Steel Corporation but as Chairman of the Steel Committee which is representing the whole of the Industry.

Automobile Industry.—Mr. Peek reported that representatives of the Automobile Industry had requested a hearing to discuss the Board's policy towards the production of automobiles for 1919. This was referred to Mr. Peek and Mr. Replogle. Pending definite action of the Board Judge Parker was requested to draft a letter to be signed by the Chairman, addressed to the Steel Committee suggesting that before any steel is allocated by nonwar industries the same should be taken up with the Steel Administrator of the War Industries Board, a copy of the revised Priorities Schedule to be attached to the letter.

Emergency Construction.—The following recommendations from the Emergency Construction Committee were submitted:

1. Construction of Tracks at Baltimore Depot Warehouse. Contractor: Clarborne, Johnson & Co., Inc., Baltimore.
2. Additional construction work at Camp Green, Charlotte, N. C. Contractor: J. A. Jones, Charlotte, N. C.

The Board approved these recommendations with the understanding that the terms of the contract are in accordance with the general form of emergency contract as previously approved by the Board.

551 *Labor.*—For the information of the Board Mr. Frayne reported the following:

1. He felt that the threatened trouble in New York with the Tidewater Boatmen has practically been avoided.
2. That steps were being taken to avoid the threatened trouble in the Arizona district.
3. Regarding the proposed reorganization of the Labor Department to meet the present conditions:

He was requested by Mr. Baruch to investigate and report back to the Board.

Transportation—Overseas.—The question was raised as to whether anyone was making a study to determine if it is anticipated that we will have sufficient overseas transportation facilities to handle the large tonnage of materials which will be delivered within the next few months. The Board is much concerned over the possible disastrous effects on war industries if, in the event of not having sufficient transportation capacity, it might become necessary to stop manufacture and shipment of material. Mr. Baruch stated Mr. Gifford was now making an investigation of this matter.

Meeting adjourned at 1:00 P. M.

(sgd.) H. P. INGELS, *Secretary.*

552 **Meeting of the War Industries Board held Thursday, April 4th, 1918, at 11:00 A. M., in Room 52, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Brookings; Mr. Frayne; General Pierce; Admiral Fletcher; Judge Parker; Mr. Legge; Mr. Summers; Mr. Peek; Mr. Replogle; Mr. H. P. Ingels, Secretary.

Organization—Reading of the Minutes.—Minutes of the meeting held Tuesday, April 2, were read and approved.

Hides and Leather.—In discussing the advisability of regulating the prices of hides and leather Mr. Peek was requested to have his Committee on Hide and Leather Goods make a report to the Chairman of the Price Fixing Committee.

Explosives—For the Italian Government.—For the information of the Board, General Pierce read his memorandum of April 4th addressed to Mr. Baruch regarding the supply of explosives allocated to the Italian Government, also memorandum from the British War Mission tabulating the amounts of explosives allocated to the Italian Government by the British Government. Copy of these reports were ordered sent to Mr. Summers.

553 *Nitrates.*—For the information of the Board, General Pierce read his memorandum of April 4th addressed to Mr. Baruch relative to certain tonnage of shipping which will be put into the Chilean nitrate trade.

Labor.—In accordance with the action of the Board on March 26th, Mr. Frayne stated that he and Mr. Replogle held a conference with Mr. John Williams, President of the Amalgamated Association of Iron, Steel & Tin Workers regarding the reported reduction of rates being paid for labor by certain sheet and tin plate mills and that the matter had been closed satisfactorily for the second quarter of 1918.

The meeting adjourned at 12:00 noon.

(sgd.) H. P. INGELS, *Secretary.*

554 **Meeting of the War Industries Board held Tuesday, April 9th, 1918, at 11:00 A. M., in Room 52, C. N. D. Building**

Present: Mr. B. M. Baruch, Chairman; Mr. R. S. Brookings; General P. E. Pierce; Admiral F. F. Fletcher; Mr. Hugh Frayne; Judge Edwin B. Parker; Mr. Alex Legge; Mr. G. N. Peek; Mr. J. L. Replogle; Mr. H. P. Ingels, Secretary.

Organization—Reading of the Minutes.—Minutes of the meeting held Thursday, April 4th were read and approved.

Organization.—For the information of the Board Mr. Peek advised of the following appointments:

(a) Mr. John C. Schmidt, Head of Section on Chains.

(b) Mr. Robbins, Handling matters pertaining to Boilers, Finished Boiler Tubes, Pumps, and Condensers.

(c) Mr. Evertt Morss, Head of Division on Non-Ferrous Tubes.

Emergency Construction.—Colonel W. A. Starrett was in-

555 vited into the meeting to discuss the general contract for warehouses, etc., at Charleston, S. C., involving approximately $25,000,000. He was requested to submit a brief to General Pierce regarding the probable total amounts of compensation the Government will be called upon to pay as a result of a portion of the work being done by subcontractors. This information is to be submitted to the Board on Thursday, April 11th.

Exports.—In accordance with the action of the Board on March 26th, Judge Parker submitted the following resolution discouraging the purchase of materials for export, the same to be paid for and put in storage until after the War:

Whereas it has come to the notice of the War Industries Board that orders have been and are being placed for the production and delivery in the United States of materials, equipment, and supplies intended for export, either actually or nominally to neutral countries, but for which no export licenses will be issued during the war; and

Whereas many of the products for which such orders are placed are manufactured in accordance with special designs and specifications, rendering it

impossible for them to be utilized to advantage or at all in this country; and

Whereas the said materials, equipment, and supplies are being stored for export at the termination of the war; and

Whereas this practice results in the utilization of materials and labor urgently needed for the production of the war requirements, direct or indirect, of the United States and the Allies: Now, therefore, be it

Resolved by the War Industries Board, That the practice here mentioned is to be deprecated and should be discouraged; be it further

Resolved, That the industries of this country be requested to accept no order for the manufacture of and to make no contract of sale and to make no sale or delivery of any materials, equipment, or supplies intended for export until the proposed purchaser has first procured from the War Trade Board an export license or from the War Industries Board a permit to make such purchase.

Labor—Competition for Labor by Contractors doing Government Work.—After some discussion as to a plan to prevent contractors doing Government work bidding against each other for labor, the matter was referred to Mr. Frayne, with the understanding that he would consult with Colonel Starrett and report back to the Board.

Meeting adjourned at 12:30 P. M.

(sgd.) H. P. INGELS,
Secretary.

557 Meeting of the War Industries Board held Thursday, April 11, 1918, at 11:00 A. M., in Room 52, C. N. D. Building

Present: Mr. B. M. Baruch, Chairman; Mr. R. S. Brookings; General P. E. Pierce; Admiral F. F. Fletcher; Mr. Hugh Frayne; Judge Edwin B. Parker; Mr. J. L. Replogle; Mr. L. L. Summers; Mr. Alex Legge; Mr. H. P. Ingels, Secretary.

Organization—Reading of the Minutes.—Minutes of the meeting held Tuesday, April 9th, were read and approved.

Building Construction—Not necessary for the Prosecution of the War.—Judge Parker submitted a letter from Mr. Eidlitz, Chairman of the Housing Committee, regarding the construction of memorial dormitory at Yale University. It was the opinion of the Board that the construction of this dormitory should be delayed until after the war. Judge Parker was requested to so advise Mr. Eidlitz.

Labor—Competition for labor by Contractors doing Government work.—Mr. Frayne reported the results of his meeting with Colonel Starrett, Major Foster, and Mr. Donlin. For the purpose of
558 working out a comprehensive plan to meet conditions regarding competition for labor by Government contractors, Mr. Frayne was instructed to call a joint meeting of the interested Governmental Departments and report back to the Board.

Labor—Thomas Iron Company.—Mr. Frayne called attention to a report that the Thomas Iron Company was changing the working conditions and rate of pay to labor at their plant. He was instructed to draft a letter to Judge E. H. Gary, President American Iron & Steel Institute, calling his attention to the understanding reached by the War Industries Board and the Steel interests and urging that he give the matter his attention.

Housing.—In discussing the housing program Judge Parker was requested to confer with Mr. Eidlitz, Chairman of the Housing Committee, and Mr. Flannery, of the Fleet Corporation, and ascertain how the proposition as a whole is going to be handled, particularly as to the method of placing the contracts.

Steel—Requirements for the 100,000 cars now under consideration by the Railroad Administration.—Mr. Replogle stated that in order to deliver the necessary steel for the construction of the 100,000
559 cars now under consideration within the required time and avoid interfering with the other necessary deliveries, particularly of plates, the Railway Administration must deliver the required cars to insure ample fuel supply to the steel mills. The discussion developed that careful consideration must be given to the requirements of the following: Railroad Administration, U. S. Shipping Board, Cars and Locomotives for Canada, Japanese Shipping, Canadian Shipping, Ships to be built at Hong Kong (under consideration), English requirements and replacements, French requirements and replacement.

Judge Parker and Mr. Replogle were requested to collect full information regarding the above requirements, and based on this information, to draft a letter to the Railway Administrator regarding the possible delivery of steel for the above cars and to make it clear to him that before we can promise definite delivery that it will be necessary for the Railway Administration to guarantee the delivery of sufficient cars to provide 100% fuel supply to the steel mills.

Steel—Ship Plates.—For the information of the Board, Mr.
560 Replogle read a letter from Sir Charles Gordon regarding the order for 25,000 tons of ship plates for the Cannard Steamship Company at a price of 8¢ and upwards per pound, in which letter he stated that 3,500 tons have been delivered. In answering his request that he be allowed to abrogate this contract, Mr. Replogle was requested to draft a letter for Mr. Baruch's signature, advising Sir Charles Gordon that at the time this contract was made he was aware of the fact that the fixing of a maximum price for plates was under contemplation; that this Board has not interfered with any existing contracts with our own people, and, therefore, does not feel inclined to interfere with this one.

Emergency Construction.—The following recommendations from the Committee on Emergency Construction were submitted:

1. Construction of Warehouse at Little Rock, Ark.; Contractor, George WK. Donaghey, Little Rock, Ark.
2. Construction of Cantonment Barracks for one Regiment of Cavalry, Fort Clark, Texas; Contractor, Weston & Krogger, San Antonio, Tex.
3. Construction of Cantonment Barracks to accommodate one regiment of cavalry at Del Rio, Tex.; Contractor, McKenzie Construction Co., San Antonio, Texas.
4. Construction and repair of several buildings for the care and education of blind soldiers at General Hospital #7, Roland Park, Md.; Contractor, J. Henry Miller, Inc., Baltimore, Md.

561 *Emergency Construction—Terminal at Charleston, S. C.*—The recommendation of the Emergency Construction Committee naming Mason & Hanger as contractors for the development of this work at Charleston, S. C., approximating an expenditure of $25,000,000, was submitted to General Pierce and Mr. Brookings, with power to act for the Board.

Emergency Construction—Quartermaster Terminal and Storage Warehouse at South Brooklyn.—In discussing the recommendation

of the Emergency Construction Committee naming Turner Construction Company as contractors for this work, and after considering that at the Railroad Administration, The Director of Storage and Traffic, General Goethals, and the Shipping Board are vitally interested, Colonel Starrett was requested to advise the Board more definitely as to the special conditions in the contract and the exact compensation that it is proposed to pay the architect, Mr. Cass Gilbert. Judge Parker was requested to address a letter to General Goethals to ascertain whether he approves locating this warehouse at South Brooklyn.

The meeting adjourned at 12:20 P. M.

(sgd.) H. P. INGALLS, *Secretary.*

562 **Meeting of the War Industries Board held Tuesday, April 16, 1918, at 11:00 A. M., in Room 52 of C. N. D. Building**

Present: Mr. B. M. Baruch, Chairman; Admiral F. F. Fletcher; General P. E. Pierce; Mr. Hugh Frayne; Mr. Alex Legge; Judge Parker; Mr. H. P. Ingels, Secretary.

Organization—Reading of the Minutes.—Minutes of the meeting held Thursday, April 11th, were read and approved.

Emergency Construction—Contracts.—After some discussion regarding the compensation being paid contractors under our approved form of emergency contracts, it is the opinion of the Board that the rate of compensation should be reduced. It was moved and duly seconded that Mr. Baruch appoint a Committee to make a study of our standard contracts for emergency construction and submit a report to the Board. The following Committee was appointed: General P. E. Pierce, Mr. Hugh Frayne, Mr. Alex Legge.

Steel.—For the information of the Board Mr. Replogle
563 reported an increase of production in plates and shell bars.

Transportation—To avoid further congestion in certain districts.—Mr. Legge suggested, as a possible means for relieving the congestion, especially in the New York and Boston districts, that all commercial freight for export south of the Potomac and west of Pittsburgh be diverted to either southern or southeastern ports. General Pierce was requested to call this to the attention of the War Council and report back to the Board. It was also suggested that the Chairman address a letter to the Railway Administrator asking his opinion as to the advisability of doing this.

Housing.—Judge Parker reported the result of his interview with Mr. Eidlitz and Mr. Flannery, stating that they both wish to cooperate with this Board and that in selecting contractors the Emergency Committee of this Board will be called upon to make recommendations.

Emergency Construction—Quartermaster Terminal and Storage Warehouse at South Brooklyn.—In considering the advisability of placing this contract with the Turner Construction Company, the following were invited into the Meeting:

564 Colonel Marshall, Construction Division; Colonel Wells, Construction Division; Colonel Starrett, Emergency Construction Committee; Lt. Col. Young; Mr. Powell, Railroad Administration; Mr. James Inglis, Storage Committee.

The discussion developed the following facts:

1. Mr. Powell stated that for some time the Railroad Administration was opposed to this development but that after further investigation on their part he wished to withdraw this objection.

2. The Board not having been furnished with a bill of materials entering into the construction of the project Colonel Marshall was requested to furnish such a program.

3. No extra floats have been provided; Colonel Wells stated that it would avoid lighterage by having the boats loaded from the piers.

4. Mr. Inglis stated that the Storage Committee was in favor of this warehouse being constructed at South Brooklyn.

5. Colonel Starrett was requested to submit a definite recommendation for the approval of the Board.

6. Colonel Marshall was requested by Mr. Powell to advise as to whether the Railways or the Army will furnish the lighterage.

7. Attention was called to a certain letter from Acting Secretary of War addressed to the Secretary of Treasury approving this project. Under the circumstances, Gen. Pierce was requested to ascertain if the Army is in favor of proceeding with this work.

565 *Emergency Construction.*—The following recommendations from the Committee on Emergency Construction were submitted:

1. Construction work in connection with the Coast Artillery at Delaware, Delaware. Contractor, R. G. Collins, Jr., New York City and Washington, D. C.

2. Construction work in connection with the Coast Artillery at Charleston, S. C. Contractor, Gallivan Building Company, Greenville, S. C.

3. Construction of Signal Corps Aviation testing field at Elizabeth, N. J. Contractor, Edward M. Waldron, Inc., Newark, N. J.

4. Construction of Signal Corps Aviation testing field at Buffalo, N. Y. Contractor, The John W. Cowper Co., Inc., Buffalo, N. Y.

5. Construction work in connection with the Coast Artillery at Potomac, Md. Contractor, R. P. Whitty Company, Washington, D. C.

6. Construction work in connection with the Coast Artillery at Eastern New York, N. Y. Contractor, Norman Ker Company, New York City.

7. Construction work in connection with the Coast Artillery at Savannah, Ga. Contractor, Carson Construction Co., Savannah, Ga.

8. Construction work in connection with Coast Artillery at Narragansett Bay, R. I. Contractor, L. D. Wilcutt & Sons Co., Boston, Mass.

9. Construtnion work in connection with Coast Artillery at New Orleans, La. Contractor, John O. Chisolm & Co., New Orleans, La.

10. Construction work in connection with Coast Artillery at Portsmouth, N. H. Contractor, H. P. Cummings Construction Co., Ware, Mass., Woodsville, N. H., and Portland, Me.

11. Construction work in connection with Coast Artillery at Pensacola, Fla. Contractor, Hugger Bros., Montgomery, Ala.

566 12. Construction work in connection with Coast Artillery at Galveston, Texas. Contractor, Horton & Horton, Houston, Tex.

13. Construction work in connection with the Coast Artillery at New Bedford, Mass. Contractor, McNally Construction Co., Fall River, Mass.

14. Construction work in connection with the Coast Artillery at Sandy Hook, N. J. Contractor, Amsterdam Building Co., New York City.

15. Construction work in connection with the Coast Artillery at Baltimore, Md. Contractor, The H. D. Watts Co., Baltimore, Md.

16. Construction work in connection with the Coast Artillery at Cape Fear, N. C. Contractor, C. V. York, Raleigh, N. C.

17. Construction of six Tubercular Hospital Wards at Markleton, Pa. Contractor, Dawson Construction Company, Pittsburgh, Pa.

18. Construction work in connection with Coast Artillery at the Mouth of the Columbia River, Oregon. Contractor, Dinwiddie Construction Co., Portland, Oregon.

19. Construction work in connection with Coast Artillery at Puget Sound, Washington. Contractor, A. W. Quist Company, Seattle, Washington.

These recommendations were approved with the understanding that the terms of the contract are in accordance with the general form of emergency contracts as previously approved by the War Industries Board.

Meeting adjourned at 12:50 P. M.

(sgd.) H. P. INGELS, *Secretary.*

567 Meeting of the War Industries Board held Thursday, April 18th, at 11:00 A. M., in Room 52, C. N. D. Building

Present: Mr. B. M. Baruch, Chairman; Mr. R. S. Brookings; General P. E. Pierce; Admiral F. F. Fletcher; Mr. Hugh Frayne; Judge Edwin B. Parker; Mr. George N. Peek; Mr. R. L. Replogle; Mr. L. L. Summers; Mr. Alex Legge; Mr. H. R. Ingels, Secretary.

Organization—Reading of the Minutes.—Minutes of the meeting Tuesday, April 16th, were read and approved.

Chemicals—Proposed Plan for increasing production of Toluol and Ammonia.—Mr. Summers submitted a memorandum of April 16th signed by Lt. Col. W. C. Spruance, Jr., outlining the plan for placing contracts with the Indiana Coke & Gas Company, the U. S. Steel Corporation, and others, whereby total installation of 1,294 byproduct coke ovens will be secured. It is expected that this installation will produce toluol at the rate of 3,000 gallons per oven per annum. The plan as outlined was approved by the Board subject to Mr. Replogle's approval from the standpoint of coke production and the approval of Mr. Powell, as representative of the U. S. Railway Administration, from the standpoint of transportation.

568 *Labor—Competition for Labor by Government Contractors.*—For the information of the Board Mr. Frayne advised that progress is being made toward working out a plan for the prevention of competition for labor by Government contractors. He stated that he expected to submit a report to the Board very shortly.

Emergency Construction.—The following recommendations from the Committee on Emergency Construction were submitted:

1. Construction work in connection with Coast Artillery at San Diego, Calif., Contractor, Pacific Building Co., San Diego, Calif.
2. Construction work in connection with Coast Artillery at Los Angeles, Calif., Contractor, The William Simpson Construction Co., Los Angeles, Calif.
3. Construction work in connection with Coast Artillery on the Chesapeake at Ft. Monroe, Va., Contractor, Boyle-Robertson Construction Co., Inc., Washington, D. C.

The Board approved these recommendations with the understanding that the terms of the contract are in accordance with the general form of emergency contract as previously approved by the War Industries Board.

Emergency Construction—Mechanical Repair Shop Unit at San Antonio, Texas.—Recommendations of April 12th from the Committee on Emergency Construction, naming Kearny-Hayes Construction Company, San Antonio, Texas, as contractors for this work, was submitted. Before taking any action the Secretary was directed to request some detailed information as to why it is necessary to spend this amount of money for a repair shop at this point.

569 *Emergency Construction—Supply Depot at Ft. Sam Houston.*—General Goethal's memorandum of April 9th addressed to the Acting Secretary of War regarding the locating of this Supply Depot at New Orleans was submitted. Considering the advantages of either Houston or Galveston as a base for supplying the camps located in Texas this matter was referred to Judge Parker and Mr. Brookings, with power to act for the Board.

Emergency Construction—Recommendation of contractors.—In order to have more specific information upon which to base its recommendations, the Secretary was instructed to request the Emergency Construction Committee to attach to all future recommendations a data sheet giving certain general information regarding the project in question.

Meeting adjourned at 11:25 A. M.

(sgd.) H. P. INGELS, *Secretary.*

570 Meeting of the War Industries Board held Tuesday, April 23, 1918, 11:00 A. M., in Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; General Pierce; Admiral Fletcher; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Legge; Mr. H. P. Ingels, Secretary.

Organization—Reading of the Minutes.—Minutes of the meeting held Thursday, April 18th, were read and approved.

Emergency Construction—Mechanical Repair Shop at San Antonio, Texas.—Recommendation of April 12th from the Emergency Construction Committee naming Kearny-Haynes Construction Company, San Antonio, Texas, was submitted. Consideration was given to memorandum of April 19th from the Emergency Construction Committee stating that this shop was intended to take care of repairs for all motor trucks and automobiles in the large southwestern district, also to the fact that the Military Authorities have selected San Antonio as the ideal center for this repair work as it is the gateway to Mexico. This recommendation was approved with the understanding that the terms of the contract are in

571 accordance with the general form of emergency contracts as previously approved by the Board.

Emergency Construction—Quartermaster Warehouse at New Cumberland near Harrisburg, Pa.—Recommendation from the Emergency Construction Committee dated April 19th naming Bates & Rogers Construction Company as Contractors for all subsurface work such as excavation, grading, railroad tracks, etc., and James Black Masonry & Contracting Company for all the above-surface work, was submitted. Colonel Starrett was invited into the meeting and gave the following reasons for selecting two contractors for this work:

1. The James Black Masonry & Contracting Company of St. Louis have completed work in this vicinity and have intact their working organization.

2. The same applies to Bates & Rogers as a result of their work at the Hog Island Shipyards.

5. By splitting the contract the total rate of compensation paid by the Government is one-half percent greater than if the entire job was handled by one contractor, however, it is expected that there will be a considerable net saving to the Government due to the contractors having a well-equipped and efficient organization for doing their share of the work.

This recommendation was approved by the Board subject
572 to the approval of Mr. Powell, representative of the Railroad Administration, and with the understanding that the terms of the contract are in accordance with the general form of emergency contract as previously approved by the Board.

Emergency Construction—Work at San Francisco and Savannah, Ill.—The following recommendations from the Committee on Emergency Construction were submitted:

1 Work in connection with the grading and construction of roads at Proving Grounds at Savanna, Ill. Contractor: Walsh Construction Co., Davenport, Iowa.

2 Construction work in connection with Coast Artillery at San Francisco, Cal Contractor: Shattuck-Edinger Company, Los Angeles and San Francisco, Cal.

On the recommendation of General Pierce these recommendations were approved with the understanding that the terms of the contracts are in accordance with the general form of emergency contract as previously approved by the Board.

Emergency Construction—Approval of Projects by the Railroad Administration.—Colonel Starrett, Chairman of the Emergency Construction Committee was requested to attach to his recommendations naming contractors for emergency construction work, a written report from the Railroad Administration regarding the availability of the necessary transportation service.

Power—Senate Bill No. 4359.—There was submitted to the
573 Board copy of Senate Bill No. 4359 to provide further for the national security and common defense by providing for the acquisition by eminent domain of property and rights necessary for the improvement and increase of facilities for the development, transmission, distribution, and supply of electric energy. The following resolution was passed by the Board and copy of same ordered sent to the Committee on the Judiciary of the United States Senate:

Be it resolved, that Senate Bill No. 4359, entitled "A Bill to provide further for the national security and common defense by providing for the acquisition by eminent domain of property and rights necessary for the improvement and increase of facilities for the development, transmission, distribution, and supply of electric energy," be and the same hereby is, approved by the War Industries Board; and

Be it further resolved, that the passage at the earliest practicable date by the Congress of said bill or of some other bill appropriate to the accomplishment of the purpose of said Senate Bill No. 4359, be and the same hereby is, earnestly and respectfully urged; and

Be it further resolved, that the Secretary of the War Industries Board be, and hereby is, authorized and directed to forward a copy of this Resolution to the Judiciary of the United States Senate.

April 15, 1918.

574 *Wagons.*—General Pierce read Senator McKellar's letter regarding the report that the Vehicle Committee is now working in conjunction with the Quartermaster's Department. It was moved and duly seconded that—

(*a*) The Price Fixing Committee be requested to investigate and fix prices on hardwood lumber.

(*b*) All future requests for the approval of contracts to be placed for wagons and parts thereof be submitted to the Price Fixing Committee for approval of prices.

Organization.—Appointment of Major Clair Foster as a Member of the Emergency Construction Committee was approved by the Board.

Emergency Construction—Terminal Warehouse at South Brooklyn.—Further consideration was given to the construction of a Terminal Warehouse at South Brooklyn. Considering the importance of this development and the possible effects on our military preparations it was suggested that before any definite action is taken by the Board a joint meeting will be held Wednesday, April 24th, at which meeting will be present, in addition to the members of the board: Mr. Irvin Bush of the Bush Terminals; Mr. E. R. Stettinius, Second Assistant Secretary of War; Mr. Franklin, Chairman Ship Control Committee; Major General Goethals; Director Smith of the Railroad Administration.

The meeting adjourned at 1:15 P. M.

(sgd.) H. P. Ingels, *Secretary.*

575 Meeting of the War Industries Board held Thursday, April 25, 1918, at 11:00 A. M., Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; General Pierce; Admiral Fletcher; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Legge; Mr. H. P. Ingels Secretary.

Organization—Reading of the Minutes.—Minutes of the meeting held Tuesday, April 23rd, were read and approved.

Steel—Cromwell Steel Company.—Mr. Replogle called the Board's attention to the financial difficulties now confronting the Cromwell Steel Company, the officials of which Company claim are the direct results of the Government fixing a price for shell bars so low as to cause them to either close down or operate at a loss. Mr. Replogle stated he would take this matter up with the American Iron and Steel Institute with the idea of trying to work out a plan to relieve this situation and would report back to the Board.

Manganese—Shortage of.—Mr. Replogle called the Board's attention to the increased shortage of manganese due primarily to lack of shipping. Admiral Fletcher and General Pierce were re-
576 quested to take this matter up with the Secretary of the Navy and Secretary of War recommending to them that additional ships be put into this trade.

Emergency Construction.—The following recommendation from the Emergency Construction Committee was submitted:

1. Additional Construction Work in or adjacent to Newport News, Va., Contractors: Boyle-Robertson Construction Company, Inc., Washington, D. C. and Winston & Company, Kingston, N. Y. and Richmond, Va.

The Board approved this recommendation with the understanding that the terms of the contract are in accordance with the general form of emergency contract as previously approved by the Board.

Emergency Construction—Terminal Warehouse at South Brooklyn.—After further discussion regarding this development the Board approves the recommendation of the Emergency Construction Committee naming the Turner Construction Company as the Contractor with the understanding that the general terms of the contract will be in accordance with the standard form of emergency contract as previously approved by the Board, with the exception of the total compensation. The Emergency Construction Committee to confer with the Turner Construction Company and agree to the
577 total amount of compensation to be paid, providing said amount does not exceed $500,000. The Board also approves the employing of Mr. Cass Gilbert as architect with the understanding that his actual expenses in connection with the work shall be paid and in addition a fee of not to exceed more than $60,000. The Emergency Construction Committee was advised of this action as per the following memorandum sent by Brig. Gen. P. E. Pierce:

APRIL 27, 1918.

Memorandum for: The Emergency Construction Committee, War Industries Board

In the absence of the Secretary of the War Industries Board, I wish to inform you that the selection of the Turner Construction Company, as recommended by your committee for the South Brooklyn Warehouse work, has been approved.

It is recommended that the compensation to the company shall be as prescribed in the regular cantonment contract, except that on account of the extent of the work, and the long period of construction involved, the fee may be increased from $250,000 to an amount mutually agreed upon, provided that amount shall not be in excess of $500,000.

The employment of Mr. Cass Gilbert as the architect with the understanding that his expenses in connection with the work shall be paid, and in addition a fee of not more than $60,000 is also approved.

(Signed) P. E. PIERCE,
Brigadier General.

The above recommendation covers only the contractor and architect and does not cover the project as a whole. The Board withholds its approval of the project as a whole until more de-
577½ tailed information can be submitted.

The meeting adjourned at 1:10 P. M.

(sgd.) H. P. INGELS, *Secretary.*

578 **Special Meeting of the War Industries Board held Friday, April 26th, at 11:00 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Admiral Fletcher; General Pierce; Mr. Frayne; Mr. Legge; Judge Parker; Mr. Peek; Mr. Summers; Mr. Ingels, Secretary.

Organization—Reading of Minutes.—Minutes of the meeting held Thursday, April 25th, were read and approved.

Manganese.—As a result of a discussion regarding the shortage of manganese, Admiral Fletcher and General Pierce were requestd to make it plain to the Navy and Army, respectively, that in planning a program for munitions and other supplies using steel products due consideration must be given the question of manganese supply and to bring to their attention that it will be impossible to maintain the necessary steel delivery unless sufficient ships are assigned to the mangenese trade to maintain an adequate supply.

Oils.—Mr. Requa's letter of April 25th regarding the proposed delivery of 26,000 barrels of oil per day on the tide-water New
579 York harbor through pipe lines from the Mid-Continent Field was submitted. Under this arrangement it will be necessary to render financial assistance to the Sinclair Oil & Refining Corporation to the extent of $3,000,000. The opinion of the Board is unanimously in favor of this increased delivery. The Secretary was instructed to so advise Mr. Requa and at the same time tell him that under the present arrangement the War Industries Board is unable to render this financial assistance and suggest that he take the matter up with the proper Financial Division of the Government.

Oil—Fixing Price for Petroleum Products.—Mr. Requa's letter of April 25th regarding the fixing of price for petroleum products was submitted. The Secretary was ordered to request Mr. Requa to make a definite recommendation and at the same time advise him that the Price Fixing Committee would handle this if he so desires.

Oil—Co-Ordination of Purchases Section.—Letter from Mr. Requa dated April 25th wherein he proposes that all purchases for petroleum products be handled through a Co-Ordination of Purchases Section of the Oil Division was submitted. The unanimous opinion
580 of the Board is in favor of this being done. The Secretary was directed to so advise Mr. Requa and at the same time stating that it is the opinion of the Board that he has full authority to create such a Division.

Emergency Construction.—The following recommendations from the Committee on Emergency Construction were submitted:

1. Construction of Hospital Facilities at Jeffersonville Barracks, Mo. Contractor: W. M. Sutherland Building & Contracting Co., St. Louis, Mo.
2. Construction of a Signal Corps Aviation Testing Field at Detroit, Mich. Contractor: Walbridge, Aldinger Co., Detroit, Mich.

The Board approved these recommendations with the understanding that the terms of the contract are in accordance with the general form of emergency contract as previously approved by the Board.

Cranes.—Attention was called to a number of Gantry Cranes now on the dock at New York which were ordered as part of the unloading equipment for one of the French ports of disembarkation. General Pierce was requested to find out if the Army proposes to use these cranes; if not, an investigation should be made by the Crane Division as to the advisability of having the manufacturer make necessary changes for putting the cranes in suitable condition for commercial use.

581 *Organization.*—The Board approved the following appointments made by Mr. Peek:

1. Mr. Lewis Penwell to head a Section on Wool.
2. Mr. A. I. Esberg to head a Section on Tobacco.

Organization—War Prison Labor Committee.—Mr. Frayne stated that he would like to change the name of the War Prison Labor Committee to the War Prison Labor and National Waste Conservation Committee. This change was approved subject to the approval of Mr. A. W. Shaw.

Meeting adjourned at 12:40 P. M.

(sgd.) H. P. INGELS, *Secretary.*

582 **Meeting of the War Industries Board held Tuesday, April 30th, 1918, at 11: 00 A. M., Room 716, C. N. D. Building**

Present: General P. E. Pierce, Presiding; Mr. Frayne; Mr. Legge; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Summers; Mr. Ingels, Secretary.

Organization—Reading of the Minutes.—The Minutes of the meeting held Thursday, April 26th were read and approved.

Emergency Construction—Additional Hospital Buildings at the Walter Reed General Hospital, Takoma Park, D. C.—Recommendation from the Emergency Construction Committee dated April 18th, naming Skinker & Garrett, Washington, D. C., as contractors for the above work, was submitted. The recommendation was approved with the understanding that the terms of the contract are in accordance with the general form of emergency contract as previously approved by the Board.

Steel.—Mr. Replogle reported the result of his meeting in New York held on Friday, April 26th at which meeting the expression of the representatives of the steel manufacturers was unanimously in favor of signing the following pledge:

583 APRIL 26, 1918.

For myself, my corporation, or my firm, I pledge the prompt production and delivery of the largest possible quantity of material in our departments that is or shall be required by the United States Government for the necessities of itself and its Allies, and agree that all other lines of our business shall be subordinated to this pledge, and all this in accordance with the request of the War Industries Board.

A copy of this pledge, together with the following letter, has been sent to all members of the American Iron & Steel Institute:

APRIL 26, 1918.

DEAR SIR: A meeting of about fifty of the principal steel-manufacturing companies, called at the request of Mr. J. L. Replogle, Director of Steel Supply, was held at my office today, at which Mr. Replogle made a strong statement of the immediate and future requirements of the Government for steel in various forms for its military necessities, stating that they are so great as to demand the entire output of the industry in almost all lines.

The manufacturers responded to Mr. Replogle's appeal for maximum production in the most patriotic spirit, and pledged themselves unanimously to give their best effort to accomplishing maximum production, subordinating all commercial business to the Government's requirements.

It is my belief that every member of the American Iron and Steel Institute will be in entire sympathy with this action and will wish to be recorded as favoring it for himself and his company. To this end there are enclosed herewith two copies of the pledge as adopted. If it is your desire to be recorded with other manufacturers, please sign one copy and return it promptly to James T. McCleary, Secretary of the American Iron & Steel Institute,

584 61 Broadway, New York, retaining one copy for your files. It is hoped that all corporations will pledge themselves, and that in such cases the signature will be by the chief executive officer.

I confidently hope that I may within a short time be able to advise Mr. Replogle that every member of the Institute has signed this pledge.

Yours truly,

(Signed.) E. H. GARY, *President.*

Exemption—Mechanics Employed by Ship Yards and Railroads.—After some discussion, the Board is in favor of having mechanics employed in shipyards and railroads placed in a deferred classification. General Pierce was requested to consult with General Crowder and ascertain what can be done in the premises and report back to the Board.

Meeting adjourned at 12:30 P. M.

(sgd.) H. P. INGELS, *Secretary.*

585 **Special Meeting of the War Industries Board held Wednesday, May 1st, 1918, at 11: 30 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; General Pierce, Mr. Legge, Judge Parker, Mr. Peek, Mr. Replogle, Mr. Ingels, Secretary.

Emergency Construction—Terminal Warehouse at South Brooklyn.—This meeting was called primarily for the purpose of determining the Board's policy towards this project. The discussion developed the following facts:

1. The Hudson River cement not being suitable for this work, the natural source of supply will be from the Lehigh Valley District. The Fuel Administrator is of the opinion that in order to insure an adequate production of cement it will be necessary to divert coal to the cement plants which otherwise would go to the Bethlehem Steel Company and others.

586 2. The Steel Administrator is of the opinion that in order to deliver the necessary tonnage for this work practically an equal tonnage will have to be diverted from other important industries.

3. The New England spruce will not be used for piling but Southern Pine piling will be used, putting the burden of transportation on the railroads.

The following letters, signed by Mr. Baruch, were sent to the Secretary of War and General Goethals, calling their attention to some of the difficulties which the Board feels will be encountered if this work is undertaken:

MAY 4TH, 1918.

HON. NEWTON D. BAKER,
Secretary of War, Washington, D. C.

MY DEAR MR. SECRETARY: I enclose a copy of a letter I have sent to General Goethals in reference to the Brooklyn Warehouse. I brought to the attention of the General the various difficulties from the standpoint of the War Industries Board, in reference to the delays that will undoubtedly occur in the matter of furnishing cement, steel, and piling, as well as the difficulties of tugs. He seems to feel that despite this he must proceed, and if he does he is going to get the full cooperation of this Board, but the Board must not be accused of causing delays—delays that have been pointed out, and which must necessarily come in the congestion we now have, and the further congestion to come, together with the competition for the materials involved.

586a I trust that you will have immediately proceeded with the investigation of temporary facilities on the West Side of New York, and the Weehawken District. The War Industries Board felt that instead of the large building taking so much material that temporary facilities could be put up much more rapidly and with less material. In this General Goethals did not concur. The work of the War Industries Board in reference to the various contracts of this kind brought before it is more in the nature of approval of the compensation and the contracting firms, but at the same time we feel it is necessary for us to draw attention to the railroad and raw-material difficulties that will be encountered, so that these difficulties will be known and pointed out before they arise. It may interest you to know that the amount of money that will be spent in this terminal, so far as the War Industries Board is concerned, has never come before us.

Very truly yours, (Signed) B. M. BARUCH.

BMB–M

General GEORGE W. GOETHALS, MAY 4TH, 1918.
Acting Quartermaster General,
War Department, Washington, D. C.

MY DEAR GENERAL: If you remember, in the talk that you, General Pierce, and I had the other day I drew your attention to the difficulties that would be had in getting the various raw materials, and the difficulties you, perhaps, would have in getting tugs.

In discussing the question of cement I told you I was informed that the contracting firm did not want Hudson Cement, but desired Lehigh cement.

You informed me that the Alsen Cement Company had been approved by
588b you for the Canal, and that you were certain that they were satisfactory. I understood you to say that they made about 6,000,000 barrels a year. I find that in 1916 they made something like 606,000 barrels, and in 1917 they operated very little; also that they are now in the hands of the Alien Property Custodian. I find that it is a very slow hardening cement and irregular in analysis.

I don't wish to put anything in the way of your efforts to accomplish your most difficult work, but I feel that I would be delinquent in my duty if I did not bring to your attention the various difficulties I feel you will encounter, especially those in which, perhaps, it would be my responsibility to help you. If, however, in view of these things you still desire to proceed I can only tell you that I shall "take off my coat" and do all I possibly can to make any determination you make a successful accomplishment. Of course, you must understand that any delays caused by nondeliveries of materials which may have to go to other things cannot be treated as causes of delay on the part of the War Industries Board, because these things have been fairly stated before the matter was undertaken.

As you very properly said, "If you don't do this, what will you do", to which my reply was "the immediate erection of temporary buildings, covering a larger space and not involving so much material", which you say is an impossible accomplishment.

In closing again let me say that I assure you you are going to receive the heartiest cooperation from this Board on any decision you make, whether or not the Board is in agreement with you when your decision is made. I realize how difficult your job is and I desire to make it easier if I possibly can, rather than more difficult.

Very truly yours,

(Signed) B. M. BARUCH.

BMB—M
Copy to the Secretary of War.

586c The meeting adjourned at 1:15 P. M.

(Sgd.) H. P. INGELS.

587 Meeting of the War Industries Board held Thursday, May 2, 1918, 11:00 A. M., in Room 52, C. N. D. Building

Present: Mr. Baruch, Chairman; General Pierce; Mr. Brookings; Mr. Frayne; Mr. Legge; Judge Parker; Mr. Peek; Mr. Replogle; Captain Clark, representing Admiral Fletcher; Mr. H. P. Ingles, Secretary.

Emergency Construction—Terminal Warehouse at South Brooklyn.—Mr. Parker read his letter dated May 3, addressed to the Secretary of War, calling his attention to the possible effect the undertaking of this construction will have upon the whole war program. After further discussion, it was the unanimous opinion of the Board that Mr. Baruch and General Pierce should discuss this matter with General Goethals, calling his particular attention to the following:

1. That it will be necessary to use Southern pine piling instead of New England spruce, consequently the burden of transportation will be on railroads.

2. Hudson cement not being suitable for this work, the natural supply is the Lehigh Valley District. That in order to get production in this district, it will be necessary to divert coal to the cement factories that otherwise would go to plants such as the Bethlehem Steel Company, Midvale Steel and Ordnance, and others.

3. That in order to build the one hundred tugs to be used
588 as part of the necessary equipment, it is evident that other highly important work which could be done by the Emergency Fleet Corporation must necessarily be delayed.

4. The steel tonnage required in the construction of this project would otherwise go into highly important war industries.

If, as a result of this discussion, General Goethals does not change his attitude toward this project then the letter referred to above shall be sent to the Secretary of War.

Emergency Construction.—The following recommendations from the Emergency Construction Committee were submitted:

1. Construction of an Ordnance Proving Ground at Camp Perry near Sandusky, Ohio. Contractor: Crowell Lundoff Little Company, Cleveland, Ohio.
2. Construction of Barracks at Norfolk, Portsmouth, and Port Lockett. Contractor: Wise Granite & Construction Company, Richmond, Va.

The Board approves these recommendations with the understanding that the terms of the contract are in accordance with the general form of emergency contract as previously approved by the Board.

In recommending the Crowell Lundoff Little Company as contractor for the Proving Ground at Camp Perry, consideration was given to the following letter addressed to Colonel Starrett and signed C. W. Lundoff, The Crowell Lundoff Little Company to the effect that The Hon. Benedict Crowell, the Assistant Secretary of War, and Lieutenant Colonel Bascom Little are no longer associated with this company:

589 DEAR SIR: On March 6th, 1918, I purchased from The Cleveland Trust Company, which holds and controls all of Mr. Crowell's properties in a living trust, all of the stock in The Crowell Lundoff Little Company, which the Cleveland Trust Company held as trustee for Mr. Crowell. This stock was immediately delivered to me and now stands in my name, and is my property.

The suggestion to The Cleveland Trust Company to sell this stock to me was made by Mr. Crowell himself and came as a distinct surprise to me and the other stockholders of our company. The reasons given by Mr. Crowell for selling his holdings in our company were first, that the contracting business at this time is extremely hazardous, and uncertain, particularly inasmuch as Mr. Crowell has for more than a year been unable to devote any time or attention to the affairs of our company, and second, in order to save himself and the Administration from any possible embarrassment or criticism, no matter how far-fetched and unfair such criticism might be.

The transfer of this stock is complete and permanent and there is absolutely no reservation connected with this deal.

On March 7th I made arrangements with Lieutenant Colonel Bascom Little to purchase his entire holdings in our company, and since that time his stock has been purchased by, and transferred to, my partner in The Crowell Lundoff Little Company, Mr. Warren Bicknell.

This transaction took place at my suggestion and without any reservations.

My understanding is that our company has not been given any Government work in the past on account of the fact that Mr. Crowell and Mr. Little have been in the service of the Government. We have not bought their stock in The Crowell Lundoff Little Company for the purpose of securing Government contracts, but now that they have no connection whatever with our concern, nor any direct or indirect interest in the profits of our company, I feel that we are entitled to the very serious consideration of your committee, and that

we should be given such contracts for emergency work as you feel that our organization is equipped to handle.

During the past eight months we have erected several large manufacturing plants in Cleveland, Defiance, Ohio, Erie, Pa., Rochester, N. Y., Philadelphia, and Baltimore, but with the exception of one small building in Cleveland, and the finishing up of two buildings in Rochester, our contracts are now completed, and we have very little to do for our organization. We are holding our forces intact, and are admirably equipped to undertake emergency work of a rush nature, and feel that we can carry it through to a speedy and satisfactor; completion.

Trusting that we may hear from you in the near future, I am,

Very truly yours.

590 *Steel—Blast Furnaces for the E. W. Mudge Steel Co.*—Mr. Replogle submitted a letter from the E. W. Mudge Company, stating that they propose to construct a blast furnace at Wierton, West Virginia, and requesting the Board's attitude towards their undertaking this work at this time, particularly as to the granting of the necessary priority orders to enable them to obtain the requisite materials. This was referred to Judge Parker to act for the Board.

Meeting adjourned at 12:20 P. M.

(Sgd.) H. P. INGELS, *Secretary.*

591 **Meeting of the War Industries Board held Tuesday, May 7th ,11:00 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Admiral Fletcher; Mr. Frayne; Mr Legge; Mr. Peek; Judge Parker; Mr. Replogle; Mr. H. P. Ingels, Secretary. Mr. Eugene Meyer, Jr., Mr. Noyes, Representing Fuel Administration.

Organization—Resignation of Brig. Gen. Palmer E. Pierce.—In accepting the resignation of Brig. Gen. Palmer E. Pierce the following resolution was unanimously adopted by the Board, and copy of the same ordered sent to General Pierce and to the office of the Secretary of War:

Whereas General Palmer E. Pierce has resigned from the War Industries Board in order that he may respond to the higher call *over there;*

Resolved, That the War Industries Board wishes to record its earnest appreciation of the splendid service rendered the Government by General Pierce in the large responsibilities imposed upon him as the Army's representative on this Board.

We take pleasure in testifying to the marked intelligence, efficiency, and
592 devotion of General Pierce to the numerous important duties which were assigned to him, and while congratulating him upon his call to the higher field, we cannot but express our regret at being deprived, not only of his great service, but of the personal relations which have so endeared him to every member of the Board.

Resolved, That a copy of this resolution be sent to the Secretary of War's office of the department records.

Steel—Possible Curtailment of Steel Supply as effecting the Automobile Industry.—After some discussion as to a fixed policy towards curtailing the production of automobiles (no definite action was taken) however, it was the concensus of opinion that either one of the two following policies should be established:

(*a*) That the Representatives of the Automobile Industry should be advised that the Government needs come first and that based on the present program these requirements would take practically all of the steel production;

(*b*) To advise the Representatives of the Automobile Industry that they could have some definite amount of steel.

The meeting adjourned at 10:10 P. M. to reconvene immediately in Room 52 to meet with the following Representatives of the Automobile Industry: W. C. Durant, General Motors Co., Chairman of the Committee; W. E. Flanders, Maxwell Motor Co.; John N. Willys, Willys-Overland Co.; C. C. Hanch, Studebaker Co.; John F. Dodge, Dodge Bros.; R. P. Jones, Ford Motor Co.; Hugh Chalmers, Vice Pres., National Auto Chamber of Commerce; Alfred Reeves, Gen. Mgr., National Auto Chamber of Commerce; D. D. Dort, Dort
593 Motor Co.; George N. Graham, Pierce Motor Co.; F. W. A. Vesper, Pres., National Auto Dealers Association; also Mr. C. S. Whittier, Shipping Board.

Verbatim copy of the discussion is attached hereto and becomes part of these minutes. No definite action was taken. The following committee representing the Automobile Industry was appointed: Mr. W. C. Durant, Mr. W. E. Flanders, Mr. John N. Willys, Mr. John F. Dodge, to meet with the following Committee from the War Industries Board: Mr. Peek, Mr. Legge, Mr. Replogle Mr. Frayne, with the understanding that the actual Government requirements would be laid before this subcommittee and that based upon these requirements this Committee as representing the Automobile Industry, would make a definite recommendation to the War Industries Board as to how this situation should be best met.

The meeting adjourned at 1:55 P. M.

(sgd.) H. P. INGELS, *Secretary.*

Meeting of the War Industries Board with Representatives of the Automobile Industry for the determination of what action is to be taken with regard to steel situation, insofar as that industry is concerned. May 7, 1918. 12:00 M.

(For verbatim minutes of meeting see original W. I. B. Meetings and Master File—W. I. B. Meetings.)

Present: Mr. B. M. Baruch, Chairman; Mr. Alex Legge; Mr. Geo. N. Peek; Admiral Fletcher; Mr. Brookings; Mr. Hugh Frayne; Judge Parker; Mr. Replogle; Mr. Ingels, Secretary. Also Mr. Noyes, Fuel Administration; Mr. Whittier, Shipping Board. Also, representing the Industry: Mr. W. C. Durant, General Motors Co., Chairman of Committee; Mr. W. E. Flanders, Maxwell Motor Co.: Jno. N. Willys, Willys-Overland Co.; Mr. C. C. Hauch, Studebaker Corp.; Jno. F. Dodge, Dodge Bros.; Mr. Hugh Chalmers, Vice Pres., National Automobile Chamber of Commerce. Alfred Reeves, General Manager, National Automobile Chamber of Commerce. D. D. Dort, Dort Motor Company; Geo. N. Graham, Pierce-Arrow Motor Co.; F. W. A. Vesper, Pres., National Automobile Dealers' Association; Mr. R. P. Jones, Ford Motor Company.

594 Meeting of the War Industries Board held Thursday, May 9th, 11:00 A. M., Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Brookings; Admiral Fletcher, Mr. Frayne, Judge Parker, Mr. Peek, Mr. Legge, Mr. Replogle, Mr Ingels, Secretary.

Organization—Reading of the Minutes.—The minutes of the meetings held April 30th, May 1st, May 2nd and May 7th were read and approved.

Emergency Construction.—Recommendation from the Emergency Construction Committee naming Hugh Nawn Contracting Company, Boston, Mass., as contractor for the construction of proving ground to be located immediately north of Scituate, Mass., was submitted and ordered returned to the Emergency Construction Committee with the request that they attach a report from the Railroad Administration regarding the availability of the necessary transportation service.

Emergency Construction.—The following recommendation from the Committee on Emergency Construction was submitted:

595 1. Recommendation of Contractor for Construction of Aerial Gunnery School at Miami, Florida. Contractor: St. John Construction Company, Miami, Florida.

This recommendation was approved by the Board with the understanding that the terms of the contract are in accordance with the general form of emergency contract as previously approved by the Board.

Emergency Construction—General Policy to be Followed by the Board in Approving Contracts.—There was an open discussion regarding the general policy that the Board should establish in recommending contractors for emergency construction work especially as to what responsibility the Board assumes in naming the contractor. The real question to be determined is; by recommending a contractor for certain specified projects does the Board put itself on record as approving the project as a whole? Before taking any definite action Judge Parker was requested to make an investigation as to the present status of the emergency construction committee, particularly as to whether or not it has anything to do with the location, design, and specifications.

596 *Hospitals—Renting of Seigel-Cooper Building in New York City.*—Lt. Col. Young and Lt. Col. John A. Hornsby of the Medical Section came before the Board and outlined the Medical Section's plans for renting the Seigel-Cooper Building and converting it into a hospital. The Board sees no reason why this building should not be used as a hospital. The question as to a fair rental price is a matter for the Medical Section to handle but the Board suggests that it might be well to have some reputable New York real-estate broker recommend a fair rental.

Emergency Construction—Terminal Warehouse at South Brooklyn.—Memorandum dated May 7th from Col. W. A. Starrett, Chairman of the Emergency Construction Committee, was submitted in which it was stated that the Turner Construction Company estimates that their overhead charges for 1918 will not be less than $600,000. This figure, as stated in Col. Starrett's memorandum, is furnished by the Turner Construction Company. The Secretary was instructed to request the Emergency Construction Committee to have the Federal Trade Commission or some other Government agency verify this figure.

Meeting adjourned at 12:50 P. M. to reconvene at 3:00 P. M.

(sgd.) H. P. Ingels, *Secretary.*

597 Meeting of the War Industries Board held Thursday, May 9, 3:00 P. M., Room 909, C. N. D. Bldg.

Present: Mr. B. M. Baruch, Chairman; Admiral F. F. Fletcher; Mr. Hugh Frayne; Mr. Alex. Legge; Judge E. B. Parker; Mr. G. N. Peek; Mr. J. L. Replogle; Mr. H. P. Ingels, Secretary.

Organization—Clearance Committee.—Mr. Peek submitted his memorandum of May 6th regarding the reorganization of the Clearance Committee in order to supplement the work of the Requirements Division. The general plan as embodied in this memorandum was approved by the Board. Admiral F. F. Fletcher was appointed Acting Chairman, Mr. James Inglis, Secretary, and Mr. J. C. Musser, Assistant Secretary. It is understood that this Committee will meet each morning at 9:30 A. M., the first meeting to be held on Monday, May 13th.

War Prison Labor and National Waste Conservation Committee.—The Board approves the recommendation of Mr. Frayne in changing the name of the War Prison Labor and National Waste Conservation Committee to the War Prison Labor and National Waste Reclamation Section.

598 *Labor.*—For the information of the Board. Mr. Baruch reported his conference with Mr. Schwab and Mr. Hurley regarding the apparent shortage of labor and the difficulties that are arising due to the competitive bidding for labor which is now being practised by Government contractors. As a result of this conference it was stated that it might be wise to form a central committee to handle the whole labor problem. Mr. Baruch further stated that he had told Mr. Hurley and General Goethals to appoint their representatives on this committee and the War Industries Board would undertake to handle the proposition.

Automobile Industry.—As a result of an open discussion as to whether or not it will be necessary to curtail the production of automobiles, it was decided that before taking any definite action Mr. Peek and Judge Parker would draw up a statement to be issued to the public outlining the Board's policy as regards to distribution of necessary war materials, such as iron, steel, etc.

In view of the fact that Mr. Hurley and Mr. Stettinius have expressed themselves as being doubtful as to whether it will be necessary to materially curtail the automobile production, giving as a reason that it may be impossible to ship all Material and

599 equipment now being produced, while at the same time both the Shipping Board and the War Department are asking for large sums of money in order that they may place further contracts, thereby increasing the Government's demands for iron, steel, and other essential materials. Judge Parker was requested to draft a letter to Mr. Hurley and Mr. Stettinius asking—

(1) for their views as to whether or not they expect a production of more materials than can be shipped overseas, and

(2) If they think it will be necessary or advisable to curtail certain nonwar industries to any great extent.

Shells—155 m/m.—Mr. Peek submitted a memorandum from the Ordnance Department, Procurement Section, wherein they propose to place an order with the New Home Sewing Machine Company for 150,000 155-m/m shells. As this plant is located in Massachusetts, which is in a congested district, and in view of the fact that additional plant equipment will have to be installed before they can produce the shells, the Secretary was directed to advise the Ordnance Department that the Board is opposed to placing this order with this Company and at the same time recommending other plants that can produce these shells.

The meeting adjourned at 5:00 P. M.

(sgd.) H. P. INGELS, *Secretary.*

600 **Special Meeting of the War Industries Board held Friday, May 10th, 11:00 A. M., Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Admiral Fletcher; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Legge; Mr. Replogle; Mr. Ingels, Secretary.

Steel—Steel Mill Equipment.—A letter from the War Trade Board was submitted in which letter the opinion of the War Industries Board was requested as to the advisability of issuing export licenses for certain furnace and steel mill equipment to be shipped to Japan. This was referred to Mr. Replogle, with power to act for the Board.

Steel—Plates for Locomotives.—In considering the importance of furnishing plates for locomotives it was the opinion of the Board that Mr. Baruch should notify the Railroad Administration that the Board is in favor of having plates delivered for locomotive construction and the Priorities Committee will issue the necessary certificates to insure delivery.

601 *Emergency Construction—Terminal Warehouse at South Brooklyn.*—General Goethal's letter of May 4th was read. It being evident that he has misconstrued the meaning of the suggestion of this Board regarding the advisability of using temporary structures instead of the large permanent one, Judge Parker was requested to draft a letter to the Secretary of War explaining to him just what the Board had in mind when suggesting temporary structures.

Steel—Blast Furnace to be built by E. W. Mudge Company.—For the information of the Board, Judge Parker stated that this Company had decided to proceed with the construction of a blast furnace at Weirton, W. Va., also the necessary byproduct oven for producing coke.

The meeting adjourned at 12:55 P. M.

(sgd.) H. P. INGELS, *Secretary.*

602 **Meeting of the War Industries Board Tuesday, May 14th, 1918, 11:00 A. M., Room 909, C. N. D. Building**

Present: Mr. B. M. Baruch, Chairman; Mr. R. S. Brookings; Admiral F. F. Fletcher; Mr. Hugh Frayne; Mr. Alex Legge; Mr. G. N. Peek; Judge E. B. Parker; Mr. J. L. Replogle; Mr. L. L. Summers; Mr. H. P. Ingels, Secretary.

Organization—Reading of the Minutes.—Minutes of the meeting held on May 9th and 10th were read and approved.

Organization—Clearance Committee.—Memorandum from Mr. James Inglis was submitted to the Board wherein he stated that he was unable to accept the Secretaryship of the Clearance Committee. This was referred to Mr. Legge for his recommendation.

Building Construction.—Memorandum from Mr. Humphrey dated April 15th was submitted in which he suggests that the various State Councils of Defense be used as a medium for discouraging nonwar building construction and further suggesting that

603 they be given the power to license local construction and that only when a dispute arises will the particular construction work in question be referred to the War Industries Board. It is the consensus of opinion of the Board that while the State Councils may be advantageously used as a medium for discouraging the undertaking of nonwar construction, the Board is opposed to giving them power to license. This was referred to Mr. Legge with the request that he make a definite recommendation at the next meeting of the Board.

Emergency Construction.—The following recommendation from the Committee on Emergency Construction was submitted:

1. Recommendation of Contractor for the Construction of Proving Ground to be located immediately north of Scituate, Mass. Contractor: Hugh Nawn Contracting Company, Boston, Mass.

This recommendation was approved by the Board with the understanding that the terms of the contract are in accordance with the general form of emergency contract as previously approved by the Board.

Meeting adjourned at 12:45 P. M. to reconvent at 10:00 A. M. May 15th.

(egd.) H. P. INGELS, *Secretary.*

604 **Meeting of the War Industries Board held Wednesday, May 15th, at 10:00 A. M., Room 909, C. N. D. Bldg.**

Present: Mr. Hugh Frayne, Presiding; Mr. R. S. Brookings; Admiral F. F. Fletcher; Mr. Alex Legge; Judge Parker; Mr. G. N. Peek; Mr. L. L. Summers; Mr. J. L. Replogle; Mr. H. P. Ingels, Secretary.

Emergency Construction.—The following recommendations from the Emergency Construction Committee were submitted:

1. Alterations to Saxon Motor Car Building, Detroit, Mich., leased by the Signal Corps. Contractor: The Bryant & Detwiler Company, Detroit, Mich.

2. Ordnance Proving Ground at Camp Perry, near Sandusky, Ohio. Contractor: The Cleveland Construction Co., Cleveland, Ohio. (The Board ap-

proved on May 3rd recommending naming Crowell Lundoff Little Co., as contractors for this work, this recommendation disapproved by Mr. Crowell, Assistan Secretary of War.)

The Board approves the contractors named in the above recommendations with the understanding that the terms of the contracts are in accordance with the general form of emergency contract as previously approved by the Board and with the further understanding that the approval covers only the contractor for doing the work.

605 *Fuel—New England Coke Situation.*—Report dated May 9th signed by Mr. W. S. Blauvelt regarding the New England Coke situation was submitted. This was referred to Mr. Legge with power to act for the Board. It was suggested, however, that he ask the Shipping Board to reconsider the freight rates established on coal going to the plant at Everett, Mass.

Congested District.—A map prepared by the Fuel Administration and approved by the Railroad Administration was submitted showing the northeastern congested district including part of Delaware, Maryland, Pennsylvania, New York, Vermont, New Hampshire, and Maine, and all of New Jersey, Connecticut, Rhode Island, and Massachusetts, together with a memorandum from Mr. James Inglis suggesting a definite policy to be established for the guidance of the Commodity Chiefs in allocating the business within this District. This was referred to Mr. Peek to be redrafted and referred to the Board at the next meeting.

Shells 155 m/m—Orders with Harroun Motors Co.—For the information of the Board there was submitted a memorandum of General Pierce's together with the first endorsement and exhibits at-

606 tached showing that the actual deliveries made by this Company are far behind the promised deliveries. In view of the fact that the Board was opposed to the placing of this order, the Secretary was directed to bring this matter to the attention of the Board about thirty days hence.

Labor Division—Mr. Frayne.—For the information of the Board Mr. Frayne advised that he would not be present at the meetings to be held on May 16th as he had been invited to address the Keynote Session of the "Win the War for Permanent Peace" Convention, to be held at Witherspoon Hall, Philadelphia, Thursday and Friday, May 16th and 17th, under the auspices of the League to Enforce Peace, of which former President honorable William Howard Taft, is President. Permission was unanimously granted.

The meeting adjourned at 11:30 A. M.

Secretary.

607 Meeting of the War Industries Board held Thursday, May 16, 11:00 A. M., Room 909, C. N. D. Building

Present: Mr. B. M. Baruch, Chairman; Admiral F. F. Fletcher; Brig. Gen. Hugh L. Johnson; Mr. Alex Legge; Judge Edwin B. Parker; Mr. G. N. Peek; Mr. J. L. Replogle; Mr. L. L. Summers; Mr. H. P. Ingels, Secretary.

Organization—Reading of Minutes.—Minutes of the meetings held on May 14th and 15th were read and approved.

Organization—Brig. Gen. Hugh L. Johnson.—Mr. Baruch announced that Brig. Gen. Johnson had been appointed to succeed Brig. Gen. Pierce as representative of the Army on this Board.

Congested Districts.—Regarding the map prepared by the Fuel Administration and approved by the Railroad Administration which was submitted to the Board on May 15th, Mr. Peek submitted the following letter of instructions addressed to the Chiefs of Commodity Sections which was approved with the understanding

608 that it would be transmitted together with a copy of the revised map showing this Section:

MAY 16, 1918.

To: Chiefs, Commodity Sections.
From: War Industries Board.
Subject: Northeastern Congested District.

The enclosed map, prepared by the Fuel Administration and approved by the Railroad Administration, shows, within the red lines, the so-called "congested district" in the Northeastern section of the country.

These Departments agree that this district has reached a state of complete saturation of business and that efforts to increase production by adding new facilities, affecting transportation and fuel in this district, will result in a reduction in production on existing contracts.

While it is not our desire to discriminate against any section or locality, we are firmly of the opinion that the best interests of the country require that no new facilities shall be created in this district involving transportation and fuel that can possibly be handled elsewhere, and that new business shall be placed therein only after careful analysis and when it has been determined that such new business will not add to the burdens of transportation and fuel supply within the district.

This is very delicate matter and should be carefully and considerately handled and general publicity avoided.

(Signed) G. N. PEEK,
Director Finished Products Division.

Wool—Method of Handling.—Mr. Peek submitted a recommendation of Mr. Penwell and Mr. Elliott as to the best method for the purchase of, handling, and distribution of wool. General

609 Johnson stated that the Quartermaster's Department will take over and assume the responsibility for the entire 1918 clip. The Board approved the above recommendation subject to the approval of General Johnson.

Legislation—Proposed Priority and Power Bills.—Mr. Baruch reported the result of his conference with the President touching proposed priority legislation and emergency-power legislation, the President suggesting that these and other matters be discussed with Congressional leaders. Judge Parker reported that he and Mr. Baruch had on the morning of May 16th, by appointment, conferred at the Capitol with Senator Martin and Mr. Kitchin, leaders of the Senate and House, respectively, and left with them for consideration copies of a priorities Bill prepared by Judge Parker, together with typewritten memorandum in support thereof; that both Senator Martin and Mr. Kitchin appeared deeply interested in this measure and promised to give it painstaking consideration, confer with some of their colleagues, and then arrange for a further conference. The power situation was also discussed and the imperative necessity for arranging for the Government or some of its departments to, as a war measure, assist some of the existing public utilities in expanding their facilities to supply war industries with

electrical energy, was fully developed. Senator Martin and
60[illegible]½ Mr. Kitchin promised to give this matter careful consideration and later ask for a further conference, inviting definite suggestions in the form of a bill or otherwise.

Meeting adjourned at 12:30 P. M.

(sgd.) H. P. INGELS, *Secretary.*

61[illegible] **Meeting of the War Industries Board held Friday, May 17th, 9:30 A. M., Room 52, C. N. D. Building**

Present: Mr. B. M. Baruch, Chairman; Mr. R. S. Brookings; Admiral F. F. Fletcher; Mr. Hugh Frayne; Mr. Alex Legge; Mr. G. N. Peek; Judge E. B. Parker; Mr. J. L. Replogle; Mr. L. L. Summers; Mr. H. P. Ingels, Secretary; also Brig. Gen. Hugh L. Johnson; Mr. J. C. McLauchlan. Also the following representatives of the General Committee of the American Iron and Steel Institute: Judge E. H. Gary, U. S. Steel Corporation; Mr. D. G. Kerr, U. S. Steel Corporation; Mr. J. A. Farrell, U. S. Steel Corporation; Mr. J. A. Campbell, Youngstown Sheet & Tube Co.; Mr. W. L. King, Jones & Laughlin Steel Co.; Mr. E. A. S. Clarke, Lackawanna Steel Co; Mr. A. A. Fowler, Rogers Browne & Co.; Mr. A. F. Houston, Lukens Iron & Steel Co.; Mr. F. L. Hall, Central Iron & Steel Co.; Mr J. B. Bonner, American Iron & Steel Institute; Mr. E. G. Grace, Bethlehem Steel Co.; Mr. J. A. Topping, Republic Iron & Steel Co.; Mr J. A. Burden, Burden Iron Company; Mr. Block, Inland Steel Company.

611 *Steel—Distribution of.*—This meeting was called for the purpose of determining a fixed policy regarding the distribution of pig iron, iron and steel products. Verbatim copy of the discussion is attached hereto and made a part of these minutes.

As a result of the facts developed by this discussion the Distribution Committee of the American Iron & Steel Institute was directed to meet with the following committee of the War Industries Board: Mr. J. L. Replogle, Steel Administrator; Mr. Alex Legge; Brig. Gen. Hugh L. Johnson; Judge E. B. Parker. For the purpose—

1. Of making a study of the Government's requirements, particularly with the idea of determining whether the Departments can actually fabricate, convert into finished products and ship, within the given time, all the steel that is now specified.

2. Of working out a satisfactory method for handling the distribution of steel.

At this time (12:30 P. M.) the other members of the American Iron & Steel Institute withdrew and Mr. Replogle took the chair. As a result of the discussion, verbatim copy of which is attached hereto and made a part of these minutes, it was decided:

1. That the steel mills will fill all priority orders, either "A"
61[illegible] or "B", before making any other shipments. If there is any surplus, they will distribute that surplus to their customers providing said customers are embraced in the preferential list which the War Industries Board will issue, and, in addition, anything that is not covered by "A" or "B" priority will be reported in detail each week to the Steel Administrator.

2. That the Industry must be treated as a whole and not as individual mills. One mill may have a surplus of finishing capacity but will be unable to produce for shipment under Class "C" priority due to the fact that it may be necessary to take his surplus pig iron or ingots, as the case may be, and deliver same to some other mill that is short.

3. That the Distribution Committee, after making a study of the Government's requirements, will make a definite recommendation to the Steel Administrator, same to be submitted to the War Industries Board.

The meeting adjourned at 3:10 P. M.

(sgd.) H. P. INGELS, *Secretary.*

Meeting of the War Industries Board with the General Committee of the American Iron and Steel Institute, May 17, 1918, 9:30 A. M.

Present: Representing the War Industries Board: B. M. Baruch, Chairman; Admiral F. F. Fletcher; General Hugh L. Johnson; Judge Edwin B. Parker; Robert S. Brookings; Hugh Frayne; George N. Peek; J. L. Replogle; L. L. Summers; Alex Legge; J. C. McLaughlin; H. P. Ingels; P. B. Noyes. Representing the Industry: E. H. Gary, U. S. Steel Corporation; D. G. Kerr, U. S. Steel Corporation; J. A. Farrell, U. S. Steel Corporation; J. A. Campbell, Youngstown Sheet & Tube Co.; W. L. King, Jones & Laughlin Steel Co.; E. A. S. Clarke, Lackawanna Steel Co.; A. A. Fowler, Rogers Browne & Co.; A. F. Houston, Lukens Iron & Steel Co.; F. J. Hall, Central Iron & Steel Co.; J. B. Bonner, American Iron & Steel Institute; E. G. Grace, Bethlehem Steel Co.; J. A. Topping, Republic Iron & Steel Co.; J. A. Burden, Burden Iron Company; Mr. Block, Inland Steel Company; H. G. Dalton, Pickans Mather Co.

Mr. BARUCH. Well, gentlemen, we have had such figures presented to us by Mr. Replogle of demands for the various departments of the Government that show that the consumption of steel will be such a large proportion of the apparent total production that we thought we would have you down here and present to you these figures and ask for your advice and suggestions as to the best method of procedure so as not to disrupt too much the industrial situation, particularly in reference to the consumption of iron and steel. I think we had better start in by having Mr. Replogle tell you what we will probably need from the Industry and then we would like to have from you a suggestion as to what method we should pursue in filling these needs without disturbing industrial activity any more than the situation will necessitate. Judge, you are more or less familiar with these figures, are you not?

Judge GARY. More or less.

Mr. BARUCH. We would like to give them to you in detail.

Judge GARY. I would like to ask if the minutes of this meeting cannot be written up and a copy of them furnished us.

Mr. BARUCH. Certainly. I can see no objection on the part of the Board.

Mr. REPLOGLE. So far as the requirements generally are concerned, my figures are not complete. I do not think I am violating any confidence in telling about the French Mission——

Mr. BARUCH (cutting in). I think we should speak very frankly to the Industry.

Mr. REPLOGLE. Mr. Tardieu and his force went back to France this week and they will return as early as possible with most important information as to their requirements. In a general way they have stated that their requirements will be very much greater than they had anticipated, due to the fact that the Germans in the last drive have taken a great percentage of the coal lands in France, or, if they have not taken them, these lands are in the range of German guns. The Shipping Board have gone to Congress and asked for several billion dollars additional. Mr. Schwab said they are going to build 12,000,000 tons of ships next year. That means about 4,000,000 tons of steel, of which 3,000,000 tons will be plates. All of these orders will be wanted before the end of this year. The orders on hand are not very far ahead. We will have to give them at least 50,000 tons a week for some little period yet. Mr. Spence, of the Railroad Administration, was down yesterday and the day before, and they are urging us for very prompt delivery of plates, which we are distributing this week. He feels that the Railroad Administration's plates are fully as important as those for the emergency fleet. Unless they get new equipment the emergency fleet will have to stop until the Railroad Administration catches up. I will give you some figures:

	Projectile Steel
Orders on hand:	
January 1st, 1918	2,291,188
May 4th, 1918	2,159,990
Additional	2,419,347
	4,579,337
Average weekly shipments in April	82,989
Number of weeks ahead of April rate	55
Class "A" on hand:	
January 1st, 1918	2,159,468
May 4th, 1918	2,014,433
Additional	2,419,347
	4,433,780

Mr. REPLOGLE (still talking). Mr. Baruch said Mr. Schwab advised him yesterday that 50,000 tons a week would not be sufficient for him. We had not considered giving them that much. The arrangement with the Japanese calls for 46,000 tons of plates in July.

Judge GARY. Does your record show the deliveries demanded for all purposes?

Mr. REPLOGLE. There is no tonnage in these plates that is not wanted in 34 weeks.

Judge GARY. I was going to ask next whether you verified the facts stated as necessary deliveries at the times suggested. It is well known by the trade that every man who expects a shortage of steel in the future desires to pile up steel in advance of his necessities.

Mr. BARUCH. They are creating shortages by their endeavor to get away from them.

Judge GARY. Exactly. I put that to Mr. Schwab. He said he was getting all he could. He said he wants to keep ahead of the game. That is human nature. But it is now necessary to know whether the claims are justified.

Mr. BARUCH. The Japanese have informed us that we get no ships until they get these plates. I told this to Mr. Schwab and told him that out of his tonnage the War Trade Board had asked us what we proposed to do in the way of plates for Japanese. Our reply was we had allotted 50,000 tons a week to the emergency fleet, out of which the Japanese should get some. Mr. Schwab said he was not going to live up to that and that he wanted more plates. I told him he would have to give me a detailed schedule as to where all plates are going.

Mr. LEGGE. They promised that information in detail some weeks ago and they have had a man out at the yards taking an inventory.

Mr. FARRELL. The War Trade Board issued a license last week for this material laying on the Pacific coast. That was done after a petition received from the Japanese shipbuilders why it was that no license had yet been issued for the material laying around the Pacific coast, much of which was rusting. The Japanese are going to be two months late on this arrangement for their ships.

Judge GARY. Mr. Replogle, would it disturb you if I ask a question? Have you any record of deliveries pending which are due now and have not been made?

Mr. REPLOGLE. I can get that up. We have had complaints from a great many people. I have not anything definite here but can get it.

Judge GARY. Can you give us names?

Mr. REPLOGLE. Take the Baltimore Ship Building Company. We can only take the word of Mr. Schwab and he tells us they are short of steel in every shipyard in the country.

Judge GARY. I told you this morning that so far as the mills are concerned the steel had been furnished. Where there was a shortage at the yard it was because of the lack of the fabricators to fabricate material from the mills.

Mr. REPLOGLE. That will apply in the future. There are some 92,000 tons between the mills and shipyards. That is in transit to the fabricating plant and in transit from the fabricating plant to the yard. There will probably be about the same tonnage continually.

Judge GARY. If the mills are furnishing plenty of steel they are not liable to complain for the failure of the fabricators to do their work.

Mr. BARUCH. That is right, Judge.

Mr. REPLOGLE. No one can expect that to continue for any great period. They must get a pretty liberal stock. They are not always shipping in sequence. They have to have a pretty liberal stock to get results.

Judge GARY. You know a good deal of steel has been produced and is ready for delivery but the railroads have not delivered it. If we continue to furnish steel as we have been furnishing it, and if the facilities for utilizing it are not completed, we will have the fabricating plant swamped. Where steel is furnished to the ship builders direct there is no trouble about it. I will have something to say regarding what we will do and what can be done a little later.

Judge PARKER. The impression I have gotten from talking with the shipbuilders is that there is no delay with the fabricators. I want to know if that is true. Are they fabricating the plates as

fast as they get them and does the delay lie between the mills and the fabricating plants and the fabricating and the yards?

Judge GARY. Some is transportation and some is fabricating. We have our records on all that.

Mr. CLARKE. Is not 92,000 tons a sufficient reserve between the mills and the yards?

Mr. REPLOGLE. I think it is sufficient as far as Hog Island is concerned.

Mr. CLARKE. Is not that true with most of the yards?

Mr. REPLOGLE. I think it is.

Mr. CLARKE. Then it seems to me we should only go on furnishing the maximum fabricating supply.

Judge PARKER. It is not a question of the mills being at fault, but we must recognize the fact that there is bound to be and always will be a large tonnage in transit between the mills and the fabricating, and between the fabricating plants and the yards, and we have got to make allowance for that tonnage in transit. Are the mills producing plates faster than the plants can fabricate them? That is one thing. If the plants can fabricate them as fast as they are received that is another thing. But it is represented to us that they have not been getting the plates as fast as they require them. If the mills are producing the plates as fast as they are required and the fabricators are in danger of being swamped, it is incumbent upon someone to increase fabricating facilities.

Judge GARY. If the builders are not getting sufficient quantities of steel because the fabricators are not delivering what they might deliver or because the railroad facilities are not adequate, and coal is not adequate, then increased production on the part of the mills would not remedy that trouble. The manufacturers of steel have dedicated, I might say consecrated, their total capacity to the Government for its uses and for the uses of its allies. The manufacturers have the ability to secure the very largest production, and no one can take their place and secure as much. And they have the disposition to do everything that it is humanly possible to do. And, therefore, they only want to know definitely what is required of them in order to give the Government what it wants up to their full capacity. Of course, you know that there has appeared at times more or less conflict between different people. Now, for instance, if the Food Commissioner demands a certain quantity of steel for food purposes, the War Industries Board having given instructions to the manufacturers to observe and carry into effect the orders of the Food Commissioner, then that order should be deducted from whatever may be required of the steel men for other purposes and credited to the manufacturers.

Mr. BARUCH. Is there such a broad order in effect?

Judge GARY. Yes. I find by making inquiries of those who have been making deliveries for those purposes that that is true. It is our understanding, my understanding, that the manufacturers have been directed by this Board, or someone representing this Board, to observe those orders.

Mr. BARUCH. All of their orders?

Mr. LEGGE. They are on the preference list. I think that is what the Judge has in mind.

Judge GARY. I limited that, and the same is true——

Mr. BARUCH (interrupting). I would like to have this thing cleared up.

Judge PARKER. Briefly, it is true that orders have been placed by the Food Administration. They, of course, are rated as Government orders. The same on those placed by the Fuel Oil Administration, and the same is true of orders placed through the Fuel Administration and all Government departments. But all of those orders head in here, not through any blanket order giving preference to them, but as their requirements come in here and are allotted. Every order is given a priority rating. Mr. Baruch was just confused in the procedure.

Judge GARY. I only mentioned this, gentlemen, for the purpose of emphasizing the fact that all we wish to know is what is desired by the Government and in order desired by the Government.

Mr. BARUCH. Are you entitled to that information?

Judge GARY. And we will in every respect promptly, cheerfully, and patriotically observe those orders. There is no disposition on the part of any steel men to disregard any orders when you advise them definitely. I think if Mr. Replogle, or someone representing him, will come to our office and find out exactly where our steel is going and for what purpose, and decide on the distribution and make known to us, preferably in writing, so that no manufacturers can have any excuse for disregarding, there will be no hesitation in regard to the deliveries you require. I interjected that because I thought we were entitled to have our attitude known to you gentlemen.

Mr. REPLOGLE. We have got to make a program to get what the Government wants. If they don't get it we know it can be used in many other places. Every one knows of the shortage all over the world. Canada is coming in all the time and we can give them practically none. Their industries are in very bad shape, so there cannot be any surplus.

Judge GARY. There are two questions: Number 1, whether these people who are making their demands are really entitled to the quantities they ask for, and whether or not it is immaterial to us, but as between you and us, you know whatever demands you make upon us, to the fullest extent of our capacity, we will furnish the steel. We think there is not so much danger ahead as some people think. That is not our business. It is your business. I think it would be a great mistake on the part of the Shipping Board to ask for such quantities. There is going to be no such demand and no possibility of using the quantities named.

Mr. BARUCH. Mr. Schwab said he would take all the plates that could be made.

Judge GARY. So would I if I wanted to make a record.

Mr. FARRELL. If we double our quantities we have not the dry docks. We would have to hold up a ship for 3 months to let it go to drydock. I feel safe in saying that 12,000,000 tons could not be used.

Mr. SUMMERS. Use some in England.

Mr. FARRELL. England has 230 drydocks. How many drydocks have we in this country?

Mr. SUMMERS. Their drydocks are not filled now.

Mr. FARRELL. They are. They have almost as much trouble from striking mines as losses by the submarines.

Mr. BARUCH. We doubt, ourselves, many of the facts that are presented to us as to whether they are real facts.

Mr. FARRELL. 12,000,000 tons of ships means 4,000,000 tons of steel, or about 2,600,000 tons of plates.

Mr. BARUCH. We cannot get a detailed statement as to the ability of the ordering department to consume what they have ordered. It is fair to presume that the man in charge of that has looked into it himself. When we do that we are presuming to run the whole war. We cannot say to him, "can you use this; can you transport it?" I think we had better get on with this whole story now.

Mr. REPLOGLE. The Railroad Administration demands greater delivery. They say the railroads will fall down at the rate we are shipping.

	Rails, Standards
Orders on hand:	
January 1, 1918	3,009,560
May 4, 1918	2,615,485
Additional	445,252
	3,060,737
Average weekly shipments in April	40,588
Number of weeks ahead at April rate	76
Class "A" on Hand:	
January 1, 1918	105,664
May 4, 1918	560,384
Additional	445,252
	1,005,636
	Plates
Orders on hand:	
January 1, 1918	2,138,732
May 4, 1918	2,343,159
Additional	860,000
	3,203,159
Average Weekly Shipments in April	94,503
Number of weeks ahead at April rate	34
Class "A" on Hand:	
January 1, 1918	924,006
May 4, 1918	1,334,819
Additional	860,000
	2,194,819
	Shapes, Structural
Orders on Hand:	
January 1, 1918	1,184,362
May 4, 1918	1,335,357
Additional	350,000
	1,685,357
Average Weekly Shipments in April	46,525
Number of weeks ahead at April rate	36
Class "A" on Hand:	
January 1, 1918	318,817
May 4, 1918	483,869
Additional	350,000
	833,869

	Bars, Merchants
Orders on Hand:	
January 1st, 1918	2,896,099
May 4th, 1918	2,879,329
Additional	400,000
	3,279,329
Average Weekly Shipments in April	127,047
Number of weeks ahead at April rate	26
Class "A" on Hand:	
January 1st, 1918	247,218
May 4th, 1918	470,627
Additional	400,000
	870,627
	Tubular Products
Orders on Hand:	
January 1st, 1918	1,170,328
May 4th, 1918	1,149,923
Average Weekly Shipments in April	52,278
Number of weeks ahead at April rate	22
Class "A" on Hand:	
January 1st, 1918	61,364
May 4th, 1918	108,301
Additional	108,301
	Sheets
Orders on Hand:	
January 1st, 1918	1,026,019
May 4th, 1918	1,037,744
Average Weekly Shipments in April	57,159
Number of weeks ahead at April rate	18
Class "A" on Hand, January 1st, 1918	115,105
Class "A" on Hand May 4th, 1918	176,758
Additional	
	176,758
	All-Steel Products
Orders on Hand:	
January 1st, 1918	18,945,227
May 4th, 1918	19,426,808
Additional	4,654,599
	24,081,407
Average Weekly Shipments in April	811,940
Number of weeks ahead at April rate	30
Class "A" on Hand:	
January 1st, 1918	4,310,102
May 4th, 1918	6,574,175
Additional	4,654,599
	11,228,774

Mr. REPLOGLE (still talking). You will see what we have in class "A." I think the priority committee have used more discrimination in recent months than before. Class "A" is very important. There is very little tonnage in these amounts that runs into next year.

Judge GARY. What is our total capacity per month?

Mr. REPLOGLE. Of what?

Judge GARY. Ingots.

Mr. FARRELL. About 32,000,000 tons a year of finished products.

Mr. REPLOGLE. We are giving orders almost every week for urgent war necessities faster than we can execute them. All of the people think the fuel situation this winter will be worse than last. Now, I want to say that that is the situation generally, and I would be glad to answer any questions you put up. It goes back to pig iron. Yesterday we got an order from the British War Missions for 180,000 tons of Bessemer iron. We have not any idea where we will get it. We don't know where to place this tonnage which we must get. I want to say in closing that I reported to the Board that I was perfectly delighted with the meeting we had in New York. I think there is less necessity for this meeting than ever. These men are 100%. I think the steel manufacturers are doing everything they can possibly do, but I am convinced that despite 100% efforts on their part we cannot meet the absolute necessities of war. I think by this winter we are going to be in a jam.

Judge GARY. Do you draw the conclusion that capacities should be increased?

Mr. REPLOGLE. I do.

Judge GARY. Mr. Replogle, has the industry been asked at any time to increase capacity without immediately doing it?

Mr. REPLOGLE. It has not.

Judge GARY. As to coke ovens, we were negotiating with a branch of the Government for building 400 coke ovens and about 280 more. We closed for the 280 and commenced immediately. We expected the 400 and two days later we received a telegram that the Government had supplied its necessities and wished to withdraw. That has been within the last week or ten days. I am simply telling you this; I do not wish to make complaints.

Mr. BARUCH. That is the Ordnance Department.

Judge GARY. Yes; Ordnance Department.

Mr. BARUCH. Colonel McRoberts in charge of it.

Judge GARY. You ought to know; I am mentioning no names. We have gone into lines of business we didn't want to go into.

Mr. BARUCH. We have not brought you here to complain of your disposition or capacity. We brought you down to tell you our troubles and to ask your cooperation and advise.

Mr. REPLOGLE. In your opinion, Judge, would the actual war necessities be met throughout this winter?

Judge GARY. My opinion is decidedly yes.

Mr. REPLOGLE. Do you regard them as being met right now?

Judge GARY. Just at this immediate moment I am not sure of it.

Mr. BARUCH. Get down to facts.

Mr. REPLOGLE. We are more than 40,000 tons behind on the British schedule. We are not giving Canada any and there are war necessities up there.

Mr. FARRELL. We have not had an opportunity to go into this Canadian situation with you.

Mr. REPLOGLE. Despite the fact that the Emergency Fleet requirements are being met there are shortages at various shipyards. None of us can say we have not delayed shipbuilding. One of the greatest causes of that is lack of definite information from the Board as to necessities at each yard which would enable us to handle their requirements. I feel we have in a great many cases delayed shipbuilding because of the inadequate steel supply. None of us will admit we are supplying sufficient rails to keep up transportation.

Judge GARY. Why? Because the rail mills are employed on urgent war work.

Mr. REPLOGLE. Yes; but that is not meeting urgent necessities.

Mr. FARRELL. We had a request the other day from the Louisville & Nashville Railroad for a considerable tonnage of rails. When we were ready to deliver them from the Illinois Steel Company they said they had located some second-hand rails and did not need those ordered.

Mr. REPLOGLE. That is an individual case. The railroad Administration says they need 70,000 tons a week. Get away from individual cases. Had you been told six or eight months ago you could only have met it by cutting off so many tons of projectile steel.

Judge GARY. We are not trying to get into a discussion nor are we disputing any figures or facts which Mr. Replogle has brought. It is evident that when the manufacturers are endeavoring to carry out a program in the way named by the Government, when something comes up which makes it necessary to change that program it cannot be done in a minute.

Mr. LEGGE. I was not talking for taking control of the Steel Industry. I was talking about what you have been doing in declining business from outside sources. We are approaching the period where many plants will have to cut down and stop unless you can furnish steel. You can't right now. How is it going to be handled? Is it going to be done for the individual steel manufacturer or be put back on the War Industries Board.

Judge GARY. We have had to shut down on some outside industries and we have been receiving a great many complaints from them as you have. We will receive more. They all ought to be supplied, I think. The trouble is that whereas we were supplying the automobile industry to a certain extent, as you think they ought to be supplied, Mr. Replogle comes in and says that is not necessary. He says we must not do it. What is there for us to do but accept that? I would like to ask Mr. Replogle if he has made any requests of me in particular that could have been done, whether it was our business or not, in which there has been any hesitancy or delay in complying with his request. I want to say that we have felt there was no disposition on the part of he Board to complain of us. The Board has been too fine in its meetings with us. We have intended to reciprocate that disposition. We will sit down with anyone connected with the Board at any time and look at the situation and give our advice on what should be done. There is a limit to how much we can increase our capacity. We are spending 12 to 14 million a month, and there is a limit to how much we can increase. We are embarking now on an enterprise which will require a good many men. We don't want to do this, but the Secretary of War asked us to. It is true that at the beginning of our Management the Steel Industry in some small particular did not quite come up to the mark, but I think it was about a year ago when Mr. Baruch

came to me as Chairman of the Institute, representing himself for the Secretary of War, and the Secretary of the Navy, and asked us to have the Steel Industry mobilize. We commenced immediately, and the large majority came in. I think I can rely on Mr. Replogle in saying that the whole Industry is clearly mobilized to do everything they can. He is in touch with the sources of information as to what is required. The responsibilities of deciding what is required rests with you. That does not mean that any change is necessary in what we are doing now. Give us the facts and we will give you our views.

Mr. REPLOGLE. I object to that right there. So far as notice is concerned, I have talked myself black in the face about the war necessities. There has been sufficient warning. Mr. Bonner and I have discussed that for months. We have put it up to you and you said there was sufficient. How are we going to get 70,000 tons of rails? Last month a certain manufacturer made more automobiles than ever before in his history.

Mr. LEGGE. It seems to me that the steel people feel that they were called down here in a spirit of criticism. The point we want to make plain to you is that, regardless of all that has been done, more must be done. No matter what you are now doing, you are going to get in trouble unless there is some more comprehensive plan worked out whereby what you are forced to do is assumed by the Government more directly. We are getting from 10 to 15 protests a day from people who say you are shutting them off entirely. It has brought down a storm of protests. The point is, with this added program, it is not going to be possible for us to let up on those people. Whose responsibility is it? If you continue what you have been doing within the last thirty days, many plants will have to close up. Whose responsibility is that? We turn down every day applications for steel that you never see. Rhodesia asked us for material.

Mr. FARRELL. Take statistics of Rhodesia and you will see that they use from 42 to 45,000 tons a year.

Mr. LEGGE. They say they need it. The Canadian need Bessemer iron for munition work.

Mr. FARRELL. There are 30,000 tons of steel stored in Montreal for 13 months. What are they going to do with that?

Mr. LEGGE. I did not know about that, but it is useful information. Now, how should this responsibility be met?

Judge PARKER. You made a statement of the attitude and disposition of the Steel Manufacturers. I think possibly it would clear the atmosphere a little if you knew the attitude and disposition of the Board towards the industry so that we can get our bearings before we start. I am speaking for myself, but I believe that I present the attitude of the Board. We have been laboring diligently to get at accurate and definite facts on which we should base an intelligent conclusion. The problem is a tremendous thing, and it is rather difficult to get some of the information. The information Mr. Replogle has presented from time to time and the information coming from other sources was very alarming to the Board. We are anxious to disturb industries as little as possible. We want to do the task we have undertaken to meet without taking

any chance or giving ourselves too little margin but not to pile up unnecessary production. Time and time again as requirements come to us from the different departments asking for deliveries of certain articles we have scrutinized these requirements to know when they really need them.

We are bound, however, in the very nature of things to rely upon the department where requirements originate, as to whether or not they need it. We are, to a great extent, bound to take the statement of Mr. Schwab and Mr. Piez as to what they need for the shipping program. We have endeavored to tie them down to what they would actually use. We are alive to the importance of not disturbing any legitimate industry any more than is absolutely necessary to meet war requirements, and it was with a full knowledge of the responsibility that rested on this Board that we asked you gentlemen to come down today; not to criticize you or find fault with you, but to ask you to sit in with us and assist us in getting to the real facts and reach a sound conclusion as to the solution of our problem. The requirements are tremendous. Unfortunately your industry, or a large part of your activities are in a comparatively congested district. I imagine you know as much or more about the conditions in the area than I do. We have spent hours with the Fuel Administration regarding this. They advise that in the congested district with the present facilities and the facilities that can be made available during the balance of this year, it will be physically impossible to increase transportation facilities much over what they are now. They say they are practically at the peak of their performance, and they say it will be physically impossible to supply the industries, the domestic consumption, and the War Industries in that district. As transportation is, to a great extent, a limited factor, we have to look that square in the face and see what we can do in the way of production in that territory. I thought it was due you at the outset that you should clearly understand the attitude of this Board. We are relying on you to be of real assistance to find a solution to this problem and enable us to do some real constructive work.

Mr. REPLOGLE. I would like to ask Judge Gary if he makes his statement based on present transportation and present fuel, as to what we can reasonably expect this coming winter. Yesterday Price McKinney, who needs 45 cars a day, told me he gets 11. Are you making your statement with the realization of what is inevitable this winter?

Judge GARY. I think from that standpoint there are a great many problems to consider, some very difficult. The responsibility is not with us. You are asking us now to answer whether or not we believe the transportation facilities next winter are going to be adequate to take away steel which we will provide. That I cannot answer. If they don't take it away we should not be blamed for it, but there is the other broad field here opened by Judge Parker and Mr. Legge. Some of their statements we are directly interested in. All of them we are interested in patriotically. We want the Government to succeed, as they will succeed sooner or later. We want them to succeed sooner. I would answer Mr. Legge's question first by saying that the steel people with their disposition can take care of this situation. It seems that some people think the Government could take over this

industry and run it better than we can. It is all answered by the one simple statement of the Chairman that that should not be the disposition of this Board to disrupt business and throw it into confusion, except as a last resort.

Now, answering his question directly, I believe if other agencies do things the Steel Industry is in no wise responsible for keeping up their end. There is, and will be, an abundant supply of steel to meet the greatest military requirements and something left over, with the steel people left in the management of their business. We could keep the military necessities supplied and any surplus that could be spared would be used under the direction and suggestion and with the control of the War Industries Board, because manifestly it is to the advantage of the Government to have business going on so the people will have money to buy Liberty Bonds and subscribe to the Red Cross. I believe the Steel Industry would, under our management, get better results than under any other organization, but it seems to me in order to secure best results we must be in closest touch all the time with the War Industries Board. I think we are in very close touch with it now. I believe all of you, or most of you, know that we have an organization over here headed by Mr. Bonner, who keeps these facts and figures before him all the time. He knows everything the Government agents are willing to have him know.

Mr. REPLOGLE. We give him everything, Judge.

Judge GARY. Our general committee of the iron and steel industry and a subcommittee on distribution headed by Mr. Farrell is composed with him of four or five other members or our general committee who are making distribution of the steel production to meet the requirements of the Government. Now, if anyone can suggest any better way than is being followed, we are only too glad to adopt the suggestion. I feel that notwithstanding the great increase in demands, we are going to be able, as far as the Steel Industry is concerned, to supply necessities and have something left over.

But to get the largest production and the best results it is absolutely necessary that the steel industry must have a free hand, subject to control when necessary by the War Industries Board.

Mr. FARRELL. I ought to refer to an incident when we were over here before Mr. Brookings. It was suggested that if there were any further "lame ducks" who could not continue because costs were too high, we ought to help them, and Mr. Replogle sent over to us a concern which ought never to have been born, a war bride, and inasmuch as the stockholders were very rich men, we didn't think they were entitled to help. But Mr. Replogle sent those men and Mr. Brookings thinks that is within the spirit of the arrangement, and so we agreed to take the entire product at prices which would enable them to live and pay interest on all their indebtedness. We paid $57.50 for their ingots.

Mr. BROOKINGS. That is simply one more evidence of doing the right thing. It seems to me you never get any place in a discussion of this kind without a base of some sort. I imagine the steel industry have taken it for granted that the Departments of the Government have given in specifications for material in excess of what they could utilize and they know that gradually a surplus would be created. Now, starting there, you have absolutely no basis from which to make any kind of a sound conclusion. One exists upon

one position that this stuff is needed. If this is sound, what process would we pursue? We should start at fundamentals to produce. These still are pig iron and scrap.

Mr. TOPPING. And coal.

Mr. BROOKINGS. So that pressure will be put on all these fundamentals. Coal may be stimulated. All of these things would be somewhat stimulated if the less essential activities were cut down and that labor were put into the railroad shops. Now, we start in with certain war needs. We have got to have them. The great mass of stuff that labor is working on now we will say is less essential. Take the automobile line; that is less essential. There are practically only a very few things really essential. If we were really up against it as the French are, we would not discuss very much keeping anything alive except real needs. It seems to me that the railroad people should be here and the shop people, so they would have a voice in this matter. I think in the less essential it has always been understood that you had a knowledge of the people who needed steel, then if you had a certain amount of surplus the Board should leave you to allot it.

Judge GARY. Excuse me a moment, please. [Judge Gary left the room.]

Mr. TOPPING. Transportation and car supply is one of the problems we have ahead of us. A private-owned line under Government control is a poor business proposition. 60% of our mines are idle because of shortage in the car supply. We are buying steel cars. I don't know where I am coming [Judge Gary reentered the meeting] out, but I am taking a broader view and trying to supply my own transportation, so I agreed with Mr. Replogle that the whole proposition goes back to coal and then to pig iron. The finishing capacity, I think is ample, but crude articles are short.

Mr. BROOKINGS. The Government is committed to see that the transportation is adequate. The thing we are up against is the emergency side of it.

Mr. BARUCH. Have you anything further to say, Judge?

Judge GARY. I should like to have the Chairman express his opinion of this distribution.

Mr. BARUCH. We have not brought you down here to criticize you. When you look at the fact, this is a voluntary agreement between the manufacturers and a civilian board. We brought you down here because a practical proposition was put up to us by Mr. Replogle and we wanted to talk to you about it. We wanted to tell you our problem and have you tell us how to work it out. If these facts are correct, what are we to do? Look into them and attack them. None are better people to judge than you as to whether these yards can use the amounts they are asking for. Here are the facts; we present them to you. We want your judgment as to whether they are true. If they are true, what is the remedy? We have no complaint. You don't have to tell anything about the distribution, except as it concerns this problem. Mr. Replogle gave me these facts. I went to the President about them. It was a case of taking practically all of the steel. He said he would stand behind it. I wanted you to hear before I would do such a thing. How can the Government get its necessities and then distribute what is left?

I don't think we need discuss our feelings or you need explain anything.

Judge GARY. The President probably added as usual, "We must have the facts." In the opinion of the steel industry, the fundamental error in Mr. Replogle's figures is as to the fact that they are, and must be based on conjecture. It is easy to determine what has been and what is, what we are going to need is the problem.

Mr. REPLOGLE. These are necessities right here on order. I have tried to confine myself to the present.

Judge GARY. I have tried to answer that by saying, if we had known in advance we would have been prepared for them. We cannot shift in a month from one thing to another.

Mr. BARUCH. Mr. Legge has reminded me I didn't finish my story. He has said I should tell you how we should do this. I want to tell you everything. What we had thought with these facts before us was that it would be necessary for the Board to ask the steel manufacturers, pig iron manufacturer, and manufacturers of various products to supply only direct and indirect war purposes and no order should be filled except with the approval of the Priorities Committee or the Director of Steel. As I say we hesitate even to come to a conclusion upon that without talking with the people who can best judge the effect it would have on the industrial fabric.

Mr. LEGGE. The Board takes the responsibility off your shoulders.

Judge GARY. Let us stop right there. My own opinion is that any regulation of that kind would tend to decrease production rather than increase production.

Mr. BARUCH. I am inclined to agree with you.

Judge GARY. The whole steel industry at the present time is in such a frame of mind that it will heed any suggestion of our committee as to what should be done and if what is desired could be brought about without any attempted regulation by the Board, it is better for the industry and better for the country generally.

Mr. BARUCH. We want to have it done in such a way that the public should feel the Government should have more supervisory action so there would be no partiality shown as to who should get the surplus. In what proportion will that be divided? There is no desire on the part of this Board to interfere with any business if it is not necessary, and should there be a necessity for interfering in any degree, we want to consult before it is done. I think it is necessary to avoid any unfairness, so now if we all understand each other and know what we have in our minds, I would like you to study these facts. Any criticisms you make or suggestions will only be of assistance to us.

Judge GARY. I would like to have Mr. Bonner give a few facts to us here and then after we adjourn I would like to have our general committee meet Mr. Replogle and go into the situation as far as the details are concerned. I believe Mr. Baruch's suggestion is very good, that is, for all interests to come together in regard to their claims.

Mr. BARUCH. You understand that the disposition of the Board is that you should know all the facts. We will take the responsibility but we want you to be a party to the act. We don't want to act without giving the industry an opportunity to be heard and to receive their suggestions. We will give you the facts. You have got to help us solve this problem. Let the Board hear your conclusions and then we will make a decision. Now we will be glad to hear Mr. Bonner and then I would like to have Mr. Noyes say something as regards the Fuel Administration.

Mr. BONNER. In view of what Mr. Legge has stated, and in view of what I have learned, I think one of the difficulties developed here has been the numerous complaints because the steel companies declined to take certain business. That has been due to a misapprehension of the statement given out from here in regard to giving the Government 100% production. Some of the manufacturers misconstrued that. In discussing this with a great many manufacturers it has come to my knowledge that many of them do not know much about the Priority Committee. Mr. Legge's point has been cleared up considerably in consultation with Mr. Replogle and I. When I gave this list of preference #1 to the manufacturers and they saw they could differentiate, they saw they could clear the atmosphere without coming to Washington. There has been a misapprehension. I think if the Board or some of its branches would issue a list of preferred industries to which steel should be supplies it would clear things up.

Mr. LEGGE. They are familiar with this.

Judge PARKER. Mr. Replogle presented in New York not only preference list #1 but also I think a resolution embodying a schedule of purposes which the Priority Board deemed entitled to preferential treatment not only in the distribution of coal and coke but in the supply of raw materials and finished products as contributing to winning the war. That schedule I have, but it is not finished. It is perhaps a little too vague and indefinite to serve as a chart to manufacturers in filling orders. But I may say there is no gentleman in this room or a man at the head of or in charge of production at any mill that can't take this list and determine whether or not an order presented to him is entitled to preferential treatment.

Mr. REPLOGLE. That is what I gave to the steel people. I mentioned that they were preparing such a list but it had not been issued.

Judge PARKER. It was true before the list was issued, but that list was ready. It is simply a guide to manufacturers as to what, from the Government viewpoint, are the purposes that should be entitled to preferential treatment in the filling of orders for raw materials or finished products. I have taken steps only yesterday to put this out through the Chamber of Commerce of the United States with an explanatory statement as a statement from the Board. Now, as Mr. Bonner says, there has been a misapprehension as to the attitude of the Board; there has been a confusion in the minds of manufacturers as to what Government orders are. Government orders, as we understand them, include all Priority Orders. The indirect orders are quite as important sometimes, so far as the immediate urgency is concerned, may be more so than direct Government orders. Class A embraces not only the orders placed directly by the Government, but the orders placed by Government contractors and subcontractors in order to fill Government orders. Let me refer one moment to what Judge Gary said that any interference or regulation will tend to decrease and curtail volume of production. That is inevitably true

from a manufacturing and producing viewpoint. If the manufacturer was free to his mill in a way to produce the maximum quantity of production irrespective of the quality of the article, or the article produced——

Judge GARY. That was not as I intended to make my statement.

Mr. BARUCH. I did not understand that way either.

Judge PARKER. Let's get clearly in our minds what are military necessities. I feel they are the direct war orders and the indirect orders to fill Government orders, and also such indirect orders as agricultural implements, cars and locomotives, oil-well supplies, and a thousand and one things that are absolutely essential to produce war requirements. These are quite as important in the conduct of war as the manufacturer of ship plates or the manufacture of munitions, so all of these things are important—probably not as urgent, but as important—as the very direct Government orders. Now, it would be idle in this emergency to maintain quantity production if the production when produced could not be utilized to advantage in the conduct of the war, because, notwithstanding the mills were producing in quantity more than ever before, their product would not tend towards winning the war, so it must follow we want to fill the war needs to one hundred percent of their requirements and the tendency will be to curtail, I take it, the maximum quantity production of the mills, but that is a matter which you know more than I do about. It would be an idle thing to consume raw material for quantity production, if the article, when produced, were not needed for war needs. We know you gentlemen understand how to conduct your business and run your business very much better than we do. We expect these priority notices to be complied with in spirit; we do not expect them to be complied with in letter. We have assumed in the rulings and regulations we have issued that these priority rulings are a guide to the manufacturer, a statement from the Government as to what needs are most urgently needed for the conduct of the war, and with that before you we only want you to run your mills in such a way as will enable you to produce a maximum product, but we do not want to unnecessarily interfere through this priority arrangement with the conduct of your business.

Mr. BARUCH. I would like to have Mr. Noyes make a short statement as he sees the fuel situation. We have to be guided by the Fuel Administration as to the facts of the fuel situation.

Mr. NOYES. I assume steel probably will depend on the question of coal shortage. I assume the rest of the industry would be a simple question. We hoped before this to have figures. We have figures enough to indicate that there will be 625,000,000 tons of bituminous coal. That is an increase of 200,000,000 tons in three years, and the railroads must handle that with a staff that does not go up to any such degree. We know there is going to be a shortage. This fuel shortage is going to be local. There are going to be sections very much worse than others. Steel should be distributed the same as coal. The shortage must run parallel with the distribution of steel. On that point the War Industries Board must have it in charge, and the steel industry must be in touch with the figures we have. Judge Parker says we have laid out a district which we see cannot get its coal. In many sections there will not be enough coal for the war industries, so when the steel companies come to distribute this twenty percent we have left over they must take into consideration that certain sections will not have sufficient coal anyhow. When we come to a real shortage of fuel for all purposes, we recognize that we come to war necessities only after keeping people warm and well. It is on that question that the steel companies are more interested in seeing their problem as a war industry. We want you to get a hundred percent if possible. We want you to do the same next Winter. Steel will probably be a vital factor in winning the war. We do not want to fall down because coke is not going to the steel mill at the time it should be going. The Fuel Administration is trying to handle this situation and you can help by setting the price of steel and saying you can only have so much steel around a certain locality. I want to emphasize three things; 1st, we know there is going to be a shortage; 2nd, it will be more intense in some districts then in others; 3rd, we desire if possible to furnish war industries one hundred percent then as well as now. Someone has got to do something right now. Restrict someone who does not want to be restricted—who is going to take the responsibility? But that is the only way to have coal all Winter. Who is going to take the responsibility for distributing the surplus? Perhaps the steel men can do something to what the Railroad and Fuel Administrations have said in regard to a coal shortage. Coal is not a labor or a mining problem. We are held up by not having enough cars.

Mr. BARUCH. If any of you want to say anything else, I will be glad to hear it. If not——

Mr. CAMPBELL. We furnish 10,000 tons of sheets to a tin mill every month. We do not get any credit for it; it is not our mill. That does not show up well. As Mr. Noyes referred to it, possibly he only gave us coal because we are working on war material.

Mr. BARUCH. I thought Judge Parker covered that point.

Mr. CAMPBELL. The point is we should get credit for that.

Judge GARY. I think Judge Parker covered that.

Mr. FARRELL. I wrote you a letter on the 21st of March that the whole steel business of the country would be shut down in December if we were not furnished with enough ships to keep bringing manganese into this Country. That was on the 21st of March. Taking the figures of the experts, Dr. Leith and others, we figured it we needed to bring up 432,000 tons of manganese ore. There has been no ore brought down since the fifth of January due to the fact that the Central Railway of Brazil will not bring down ore because of the coal shortage. We worked out a program to bring up 38,000 tons per month. Shipments have dropped off to 7,000 tons per month. We had a good committee on ferro alloys. No steel can be made unless we can get this ore up from Brazil. We are likely to reach a period where we won't be making any steel at all. We all came to the conclusion that we required 35,000 tons a month, taking Dr. Leith's figures as to domestic possibilities. Unless this ore can be brought up we are going to be in a serious position. We asked for the allocation of 14 ships. We figured we could turn them around in 60 days, and get 35,000 tons a month up. We have been in touch with your people. Your people are working just as hard with the Shipping Board as we are.

Mr. BARUCH. The Shipping Board through their Committee made certain recommendations regarding the embargo of manganese, which we have refused to accept. We refused to accept any recommendation at all unless it met with the approval of your committee. We have put clearly up to Mr. Hurley and Mr. Franklin the responsibility of stopping the steel business. I brought it up in the War Council last Wednesday. I notified the General Staff and the various Departments that it was useless to ask this Board for steel if we could not get manganese, because I wanted to let them know in advance. Dean Gay has taken an arbitrary stand in this matter. We are doing what we can. We were called upon by our Allies for a certain number of troops. The seas were scoured to get ships.

Mr. SUMMERS. Can Wood boats be used for that purpose?

Mr. FARRELL. No, I don't think so.

Mr. LEGGE. They agreed they can be used for coal, but it is a serious question as to whether they can be used for ore.

Mr. FARRELL. I talked to Mr. Franklin Tuesday. All the ore that has been stored in Rio harbor will be exhausted in 30 days, and then there won't be any ore there if a ship goes in.

Mr. BARUCH. I would like to have a repetition of that letter so I can take it up and have it finally decided as to the allocation of a ship.

Mr. SUMMERS. Conditions are serious.

Mr. CLARKE. I would like to ask Mr. Farrell whether he, on reconsideration, won't add to that letter the fact that coal must go down from here in order for the manganese to come back. I wanted to ask also whether, assuming that a given mill is right up to date on Government requirements, we can assume that this list is what we could ship to if we had a surplus.

Judge PARKER. Until further notice you are to understand that that is a definition of the purposes for which you could ship your surplus, provided that in so doing you are not putting yourself in a position where you cannot comply with priority orders which you have.

Judge GARY. This industry must be treated as a whole. The ingots Mr. Clark's mill might have could be used by some other mill for war industries.

Mr. REPLOGLE. That's right.

Judge GARY. I want to emphasize the fact that the time has gone by when any mill can run its business in a way to make the most money out of it.

Mr. BROOKINGS. Certain responsibility has been placed upon us. We have got to have our war needs and a voice in the distribution of the balance. We are agreed on that. As to the method of exercising we agreed we have to use your knowledge and machinery for doing it. There ought not to be any difficulty about the method of carrying it out. If the war needs require your material, we must shut down the so-called "less essential." You have probably studied this question of essentials and less essentials. You start in with transportation and coal. Then you have Army and Navy requirements. When your Committee gets into this in detail, I think to solve your problem——

Mr. BARUCH. You have clearly in these minutes what is facing us and what we have to meet.

Mr. BROOKINGS. Everything else is confined to a few articles such as clothing, labor, and then products that labor produces. When the nations get right up against it and are absolutely compelled to classify these things, they find the world is producing an enormous amount of stuff which has no particular value.

Mr. BARUCH. The increasing calls by the Army for men will get larger as necessity arises. That has to be taken into consideration. Judge Gary, I understand you are going to have some small committee confer with Mr. Replogle and come to us with a program.

Judge GARY. We will try to agree, and, if we do not, we will disagree. Have an unbiased group decide what shall be done. We certainly believe Mr. Replogle very fair.

Mr. BARUCH. You realize, Judge, this is not something we would attempt alone. Some policy, some determination has to be made.

Judge GARY. There is a very important question. If the representatives of the different Departments who are demanding steel are supplied up to their desires there won't be any steel left for the less essential industries. Therefore, somebody must arbitrarily decide what the necessities of these departments are as distinguished from their desires. Every one will endeavor to pile up a surplus so as to be certain in the future there will be no deficiency. So that between our distributing committee and Mr. Replogle there must be a conclusion in regard to that proposition, and it may be necessary for some of the manufacturers to appeal from this distributing Committee and Mr. Replogle, or they may be compelled to come before your Board for a judgment on the problem. Good judgment and tact must be used for these problems of the future. We are going to be as much interested in getting results as ever before.

Mr. CAMPBELL. I understand Mr. Baruch wants us to have a meeting and map out a reply to his questions.

Judge GARY. I understand our Committee will go over this thing and get together with Mr. Replogle, who will then undertake to make some recommendation to this Board.

Mr. FARRELL. I understand Mr. Replogle has a program and Mr. Baruch wants to know if the industry can meet it.

Mr. BROOKINGS. The question is as to restrictions to be placed on the industry and how they will be placed, because these restrictions will effect both you and the Government.

Mr. BARUCH. There are some newspaper men outside. What should we say to them?

Judge GARY. This is the statement: The War Industries Board would like to know what is to be decided and what shall be done with the total productive capacity of the mills.

Mr. NOYES. The Fuel Administration are waiting on this action before they take any action regarding coal. The question now whether these restrictions will be accomplished entirely by steel will effect the decision as to how you handle it. Unless this is placed in some Governmental body placing restrictions the Fuel Administration will have to do some restricting itself, because it must be shown when the shortage is disclosed that the Government put on the restriction.

Judge GARY. I would like to ask Mr. Replogle if he does not think it would be useful to have at this meeting someone authorized to speak for the different departments?

Judge PARKER. You mean those bringing in the requirements?

Judge GARY. Yes; are they all represented?

Mr. BROOKINGS. I think the best way to handle that would be for you gentlemen to represent the industry and the War Industries Board as well, and discuss this matter with Mr. Replogle, and we in turn may want to bring such facts as you present to him before the Departments in such a way as we may deem proper.

Judge GARY. Right at the start Mr. Replogle presents his figures. Our distributing committee may say you cannot use this material. The Fuel Administration comes in and says what we are going to require depends upon the circumstances and conditions.

Mr. BARUCH. I think if you take it up in this way it will work out clearly.

Judge GARY. This is a preliminary step, certainly.

Judge PARKER. Of course this whole problem is founded on a definite program. I don't want you to get the idea that these requirements are accepted politely by the Board. We look into whether or not they really need this steel. We have undertaken to go over a military program and build up an industrial program from that. Say we cut down the requirements of the Railroad Administration—they are clamoring today for 49,000 tons for all steel cars. We got them to have combination cars to conserve steel. We cut them down in every way possible. All of the agencies are represented here except the Emergency Fleet and the Railroad Administration. So far as the Railroad Administration is concerned, I don't think we could cut them down. They are clamoring for more. I am not so sure as to the Emergency Fleet. You gentlemen might cross-examine Mr. Schwab and shake him in his statement. Let us ask if that is prima facis evidence of the requirements, and let you gentlemen shoot at it to see if the requirements are overstated, and in the second place if there is an overstatement what program you advise in order to meet these requirements.

Judge GARY. What period of time is covered in reference to ship Plates?

Mr. REPLOGLE. 14,650,000 tons are the orders now with us on the books. All of it will be needed faster than it can be delivered. Most of it is wanted within the next two or three months. The shell steel is in there.

Mr. FARRELL. This Shipping program is pretty well into next year?

Mr. REPLOGLE. Very little of that that is not wanted this year for the Emergency Fleet. I just got that from the General Purchasing Officer the other day.

Mr. FARRELL. Moon and Scott do not require any steel for 12 months. Our inspectors now are looking over stocks. There will be some redistribution.

Mr. BROOKINGS. It seems to me there are enough unknown quantities in this to keep a very expert committee of this kind here to go over the thing with Mr. Replogle. The thing we had more or less in mind was taking care of the surplus. The best thing would be to classify industries.

Mr. REPLOGLE. Our requirements are going to be for more steel than can be made. I want to say that there will be no surplus that will have to be allotted.

Mr. LEGGE. When the Chairman of the Board bids the price up to the public, and says you can only get this by cutting down, and they say that is their program, what are you going to do?

Judge GARY. Today the question has been raised as to whether——

Mr. BARUCH. This is the most drastic act we have taken since the war began. We must get some method of facing that situation. Do you want to take this?

Mr. TOPPING. That is ancient history.

Mr. BROOKINGS. Mr. Farrell has figures and I think we should have some man down here for daily consultation.

Mr. FARRELL. Mr. Bonner is down here. He knows all of this.

Mr. BARUCH. You are to appoint a Committee to consult with Mr. Replogle, and I would like to have General Johnson, Mr. Legge, and Judge Parker with him. We don't want to do anything without all of the facts. The newspaper representatives are outside, and they ought to have something to say to the country. What have you to suggest? I think we should say we called the meeting for the purpose of discussing restrictions of less essential industries and the method of doing that.

Judge GARY. I think we should start by saying: "The War Industries Board presented to the industry the increasing demands for steel and steel products to supply the military necessities for this country and its Allies, and we have been discussing the means of meeting this demand. The matter is under investigation. A general committee representing the steel industry and the War Industries Board is going to ascertain the facts and report later." That would be my idea. I don't want to say anything now to disturb the trade.

Mr. BARUCH. Judge, are the automobile manufacturers ordering stocks and getting them?

Judge GARY. No.

Mr. TOPPING. They had large stocks.

Mr. CLARKE. They are getting some, but not very much.

Mr. BROOKINGS. They evidently expected this situation and are stocking up.

Mr. BARUCH. Well, gentlemen, if there is nothing further——

Mr. CLARKE. Mr. Baruch, I am struck by the fact that this whole program goes back to railroad transportation. Mr. Replogle says the Administration claim unless they get these cars promptly, railroad transportation will be worse this coming winter than last winter. Suppose we give them absolutely the first preference and get that stuff right out, would the railroads be in position to handle this country's transportation of essential goods? The only way you can increase railroad transportation is cutting off nonessential industries. I don't say that that is a necessity, but it seems to me it is a fact that should be thought of in finding a solution for this problem.

Judge PARKER. The trouble is if we give the railroads all the materials they need, still they won't be able to extend their facilities fast enough.

Mr. GRACE. Should we not build up the railroads first? This is the weak end.

Judge PARKER. We are planning to do that. Their motive power comes right along with the ship plates. For their cars they get the plates, provided they give steel mills coal to produce the plates.

Mr. BARUCH. Gentlemen, if that is all, we will leave, and let the general committee meet.

The meeting adjourned at 12:30.

Meeting of the Distribution Committee of the American Iron and Steel Institute, May 17, 1918

Present: Mr. Replogle, Judge Parker, Gen. Johnson, Mr. Legge, Mr. Mackall, Mr. McLauchlan, Mr. Ingels, Secretary. Also the following representing the Steel Industry: Mr. John A. Topping, Republic Iron & Steel Company; Mr. Bonner, American Iron & Steel Institute; Mr. H. G. Dalton, Pickans Mather Co.; Mr. J. A. Farrell, U. S. Steel Corporation, Chairman; Mr. E. A. S. Clarke, Lackawanna Steel Co.; Mr. E. G. Grace, Bethlehem Steel Co.; Mr. F. J. Hall, Central Iron & Steel Co.

Mr. REPLOGLE. There is no use, in my opinion, of saying that we are supplying the Government's necessities. Judge Parker is up against the proposition every day. Mr. Legge names what the requirements of the Allies are that we are not coming through with. We are doing the best we can, and when the Judge says that next winter he feels we do not want any come-back saying, "of course, we could not see this because we do not have fuel and transportation." Let us look at the situation as it is now, realizing that we cannot have one percent fuel and transportation, realizing that the War Department have doubled their program. We have thousands of tons of U. S. and Allied Governments' orders now, including what is on the books of the manufacturers, which we have right now on our desks for distribution, including these new cars and locomotives. In addition to that, the known Government tonnage on order is ten million tons, much of which is almost as important as direct Government necessities. Those are not problematical, they are definite facts—figures as given by you gentlemen in the industry over your signed statement. Now, with that in view, when we talk about surplus—and this is not only a steel situation—it would not exist; I am as sure of that as anything in the world, that there will be no surplus of steel. There may be a surplus in one line or another, but it goes back to pig iron. The man who has an excess of pig iron will have to give it to the man who has a shortage of pig iron and who has a large tonnage of Government necessities on his books, if we are going to fulfill our duty in this emergency.

Mr. FARRELL. He is not to find some consumer simply because he has a surplus product.

Mr. REPLOGLE. That is it exactly. We have 180,000 tons of Bessemer pig iron that was given to us by the British War Mission, and we do not have any idea where we can put that for distribution. We are going to take that up with Mr. Dalton and have him work out that problem. We have requests from Canadian plants working on 6-inch shells, and they are unable to get up to their production because they cannot get pig iron. As I said before, it goes back beyond steel, it goes to fuel and transportation. The chart will go downward. Now the Fuel Administration have figures of 20,000 tons less coal going to New England than there was the same time last year. There is going to be a terrible shortage; the situation as regards fuel this winter will be far worse. Now the ocean shipping is another factor. No one of us can justify sending boats to Caledonia for ore and then putting 45 percent into passenger automobiles.

Mr. FARRELL. There are no boats bound to Caledonia.

Mr. REPLOGLE. Could you yourselves justify the manganese?

Mr. FARRELL. This Committee is not in disagreement with you on that point at all.

Mr. REPLOGLE. Regarding the Fuel Administration problem, from their standpoint of restricting industries on a proportion, so they can maintain a competitive position during the war—they have to do something of that kind. Having in mind all that, I would like to add that Mr. Farrell, as Chairman of this Committee, will give us his ideas.

Mr. FARRELL. What I want is a statement of your tonnage there for the various Governmental requirements, and have an opportunity to go over it, not for the purpose of differing with the view of the people who have submitted these requirements, but to go over the steel industry as a whole with our Committee and make a study of the situation, because, it seems to me, it will now devolve upon our Committee to take notice of certain situations that exist with respect to the stock of goods that we appear to locate in one place or another. I was speaking of shipbuilding.

Mr. TOPPING. You refer to class "B" plants that have been stocked up for ships?

Mr. FARRELL. No; not exactly. We do not want to talk about the shipbuilding situation all the time, but when we talk about building 12 million tons of ships, and putting the engines and machinery in those ships, and drydocking ships every six months, that, of course, is out of the question. I do not think we can take care of that thing after all; if they build 12 million tons tonnage, it requires 4 million tons of steel——

Mr. TOPPING. May I interrupt you just a moment? That is based on ordinary steel plates and not on Government test plates.

Mr. FARRELL. But that will run over 5 million tons.

Mr. TOPPING. You have two-thirds of your ingots.

Mr. FARRELL. They are beginning to use a good many plates—good many shipyards are using universal plates. This car-building business is a proposition, and it seems to me we are to do everything we can between now and the end of a certain time. The statement was made, was it not, at the beginning of negotiations, that unless they could get these cars by the end of October they would not be of much value? I have not heard this from any authoritative source, but a car builder told me the other day that with the Railway Administration it would be at least six weeks yet before they could settle on the specials.

Mr. REPLOGLE. Mr. Spencer was in my office the other day and urged, as strongly as anyone could, immediate delivery of these plates "because we are purchasing to the limit of our ability and we must have them." I do not think there is anything to that at all.

Mr. DALTON. I came home on the train the other night with a man who had been here for several days and had been very much disappointed because Mr. Spencer had not at that time decided what he was going to do.

Mr. CLARK. I believe since that time Mr. Spencer has said he would accept the prices quoted.

Mr. REPLOGLE. Let us confine our discussion to the method of distributing the steel, whether there is a surplus or not a surplus. We know that all industries, essential and nonessential, cannot be supplied; I think everybody admits that. Do you agree with that, Mr. Farrell?

Mr. FARRELL. Of course there would not, but what I have said, Mr. Replogle, is that I am certain that the industry can take care of the military necessities of this country and of our Allies.

Mr. REPLOGLE. What do you mean by "military necessities?"

Mr. FARRELL. I mean direct and indirect.

Mr. REPLOGLE. You mean, Mr. Farrell, that the railroad problem can be met, agricultural implements of steel be furnished, and all that?

Mr. FARRELL. Exactly.

Mr. REPLOGLE. Let us confine it to the distribution of that steel beyond war necessities whether there is a surplus or not; how to——

Mr. TOPPING. There is a very large production of material that is available for car manufacture, and for any other purpose, that is not being utilized, that has a direct bearing on this steel. The iron mills are not operating 50 percent; two of them spoke to me and asked if I would not put up the production they have available for war purposes. Heretofore, bar iron could be used, and I think we are overlooking a good bit when we do not utilize that, but they could not produce it as cheaply as steel. We have one little mill—those people could not get the cost out of the base steel cost price.

Judge PARKER. While we were discussing that this morning, Gen. Johnson jotted down his analysis of this problem. I am going to ask him to state what he has.

Gen. JOHNSON. I said the net of this situation is thus [reads paper]. It seems to me that shows us where we are going to start; if those reports are substantially wrong, we know what we are going to do next; we are going to get a restatement of them.

Mr. FARRELL. Understand, gentlemen, all that I want is an opportunity for our Committee to analyze them. I do not suppose that the War Department would tell me whether they can move in the next nine months over 750,000 tons of cargo per month; I do not suppose they would tell me that, although, as a layman, I would guarantee they could not do it. You could arrive at some idea as to what they could actually carry.

Gen. JOHNSON. I think most everybody would be pretty frank with you. They might not be able to get at precise specifications, but after that particular problem has been very practically studied, the results could be taken up with you.

Mr. FARRELL. We have no idea, certainly not in my mind, to attack anything or discredit any figures, but we have, some of us, a pretty fair knowledge of the utility of this after it is made.

Gen. JOHNSON. I may have used an unfortunate term when I said "attack." I mean just what you mean. No one would be gladder than we would if it was possible to avoid this decision. If we can avoid a decision, it is a good thing to do, and I think, therefore, the first thing to do is to do what you suggest.

Mr. REPLOGLE. I want to ask General Johnson whether, in his opinion, the requirements of the Army will be greater or less than—the actual necessities—than the figures they have given us.

Judge PARKER. I do not know how General Johnson feels about it; I hardly feel that it is fair to ask him that question because he has not been on this job long enough to make careful analytical survey of it.

Gen. JOHNSON. I believe I can answer it. I will simply say this, that what Judge Parker says is perfectly true. I would not bet on any one of the statements of requirements to any great precision, but I know some big facts that make me just as sure as I am sitting here that the requirements are going to be boosted from this time forward.

Mr. FARRELL. I would like to say something as there are so many elements that enter into this situation. You referred to the Canadian requirements a moment ago. I would like to know why, for example, we are called upon to furnish certain material to Canada of a kind that is produced in Canada by the Nova Scotia Steel & Iron Company, and sold to them in Canada at 5 cents a pound. They come over here to get it for 3¼ cents. I got pretty complete information of this Canadian situation on the British steel producers, and all we want to do is to sit together and arrive at an intelligent basis on this thing.

Mr. REPLOGLE. I think if we call that to their attention, they will prevent that; but the output of Nova Scotia steel is very limited.

Mr. GRACE. I don't think it is pertinent at all—the question of requirements you have this morning. I think you are after ways and means. I don't think it is within our province to question those reports. I quite agree with what General Johnson says. Our general steel requirements are going to grow. They are not going to lessen. You have a system in practice, in vogue, which I think is satisfactory, for the allocating of Government requirements. You feel that you are handling that through priorities system. Now you are talking about maybe a surplus beyond that—there will be some production in excess. Why shouldn't the Government control that, whatever it may be? Why shouldn't the Government say where it should go?; and that settles the whole question, it seems to me. Our production is going to be up and going to be down, depending upon the service we get from the railroads and from the Fuel Administration. It cannot be the same each month. You have the total chart before you. Where do you want it to go? Just tell us. That is all it means. Do you want this automobile man to get it? You want this Victor phonograph man to get it? Or who? That is the whole question.

Mr. REPLOGLE. We know that some industries will be compelled to shut down for lack of material. The whole question is what agency will determine at what rate they will run.

Mr. GRACE. There isn't any question——

Mr. LEGGE. After all is it their obligation or the Government's obligation. Are you going to have to fight, or are you going to say what they are going to do, and let them fight. If that principal is accepted, then the only thing left is what is the simplest way of doing it? How can it be handled simply and efficiently.

Mr. Farrell. They have 4,200 men in London that have been drawn from the Steel Industry from all over the United Kingdom to distribute tin sheets, etc.

Mr. Legge. Yes; what I wanted to suggest is, what is the practicable thing? The bulk of this will be covered by a general line of priorities. That priority may run out before you come to your maximum capacity. I hope there will. If these figures are wrong, it only means that there will be more left over. What is a simple way of putting the responsibility of distributing that back on the Government where it belongs, with the least interference of making reports to us. Is it practical to send Mr. Replogle a statement once a month or some other time, stating that here is what you estimate your mill will have to dispose of over and above your priority requirements, and here is your suggestion as to what you think might well be placed either on percentage of orders or some other proposition. If he approves it, then of course, you are in the clear. If he says that is O. K., "go ahead and make those shipments", you've got the responsibility fixed where it belongs. If you would undertake to do it, you are going to be confronted all the time with the constant stream of politicians.

Mr. Topping. So far as our Company is concerned, we are not bothered with any surplus; it is all going on priorities, as directed. I agree with Mr. Replogle. When I say priorities I refer to Judge Parker's statement about sheet, bars, and tubes. We are only confining our tube works to the more essential needs. As to Open Hearth, the entire output has gone to direct Government needs; I was surprised to know that the entire output of Open Hearth with the exception of a small tonnage for rivet rods and motor truck bars went to Goodrich and those people; every round of stuff went into direct Army, Navy, or direct Government needs. When it comes to Bessemer pipe, part goes into sheet bars and a large part into agricultural implements stuff—that is our business. We have no nonessential stuff in that stuff. I don't believe our goods is any different from any other manufacturer. There is not a company that would not stand the closest analysis of their product. I don't believe there has been any steel wasted. It seems to me that as a starting point what you ought to do is to make a review of your own Government obligations, then determine what is the most urgent thing to do and give us a little more accurate information as to the future requirements, so that we can prepare as far ahead for products of production as possible. You should comb over and review your priorities and set them up again. To my mind that would be the practical way to approach this problem. Study the problem as to how you can distribute and how we can increase the output. It is a simple thing as to the principle questions involved. I do not think it is a question, Mr. Grace, as to whether we, or who, arms the distribution of the surplus. I do not think there will be any surplus, if we apply to the priorities as named by this Board.

Mr. Grace. There are a lot of industries that have got to stop. Have they got to stop 50%, or how much? You don't want to create chaos.

Mr. Legge. Complete the machinery, whatever it is; you have to have something to take care of the overflow. You have to have your machinery to take care of stuff that Mr. Parker cannot dispose of on priority.

Mr. Grace. Has that become a licensing proposition?

Mr. Legge. That is what we have to decide. The priority is already, as far as you can determine, a different proposition. If you try to apply it as to grading, what is more essential and less essential, there must be some material coming through that is not covered by this essential priority. What is going to be done with it? Are we going to leave you fellows to fight the consumer as best you know how, or are we going to say that stuff should be submitted to Mr. Replogle so as to relieve you of any responsibility of what is carried over in the "C" class. Somebody has to distribute it.

Mr. Topping. We put the responsibility on you now. The public understands the War Industries Board is directing us now. We don't assume any responsibilities; we hide behind the fact that we will not do anything, except where we have your order.

Mr. Clark. We don't do that entirely, in the detail of the thing you mean.

Mr. Topping. We have.

Mr. Clark. You start making a boiler plate and you only have on your books one thing that you can place that on, and they all happen to be nonwar orders. A certain amount of your nonwar shipments arise in that way, not only in plates but other material. You have a second proposition that you are obliged to, a certain metal to deliver, a Navy order, if you please, in a certain size of bar at a certain date and you have other sizes of bars to go around and so on. If you fill only the Army, Navy, and essential orders in that size, you roll 1 ton, half of your whole steel production goes to the devil. A certain part will go to a nonessential industry. That raises the question right away whether it is better in this whole scheme, to reduce your output and make only the essentials, because your output will go to the devil. On top of that I do believe that in certain lines of industries there is material made right in the start to ship nonwar industries.

Mr. Bonner. There is a lot of that. It is going to take an awful lot of time. We don't know that it is available until it is available. What I suggest is this: that Judge Parker get out a preference list for steel guidance, the same as he did for coal and coke, and use similar language as he used in that. The whole is bunched into one lot and you can apply any of this surplus steel to any of these industries in whatever way fixed. You would have to go to the man whom you wanted to ship this. Tell him to come down here and get a priority. It would take days and weeks to get that machinery going. These industries that Judge Parker has laid out, plus those that we could suggest to him—you could cover real industries that are required for the conduct of the war. We added quite a lot of people here that have to do with the conduct of the war, with the things that are needed for the war. Therefore I claim that if you get out a preference list the same as you did for coal and coke, I am confident that the judgment of the steel men will be exercised and they will get maximum production.

Mr. Replogle. I want to say, gentlemen, that my idea on this thing might clarify things. We would ask the American Iron &

Steel Institute to turn over to this office a large portion of their distributing force here in Washington. We would want to distribute direct from this building, always in cooperation with this distribution committee of the American Iron & Steel Institute. I proposed to ask you, Mr. Bonner, and many of you people here representing it, because we feel that we can get better results by distributing direct from this building, and then the determination as to what is to be done with the surplus, if any exists, those things will be thoroughly stated and will be taken up in cooperation with you. There are many problems just like this. A certain automobile manufacturer came in here and reported that in 1916 Ford produced an average of 65,900 cars per month; last month he produced 65,900 cars. This automobile manufacturer criticized that he was unable to get his steel except to run at a very low rate of production, whereas his competitor was permitted to operate at a record rate.

Mr. FARRELL. He had the steel.

Mr. REPLOGLE. Some men can get the steel and others cannot. The whole industry was a unit practically in that if any restriction should come it should be on a unified basis.

Mr. CLARK. Aren't some better buyers than others?

Mr. TOPPING. I was told that Willys-Overland had somewhere near ten months' supply of steel stocked up, purchased, delivered, warehoused, in anticipation of a requirement. Now that is foresight. It is not preferential treatment by the steel people. They bought it last year. Mr. Ford did the same thing. I don't think you will find any of these people doing it on current shipments. They did it in anticipation. I don't believe you can show anything else.

Judge PARKER. We are getting into collateral issues here. Let us get back to the problem right before us. Do I understand, Mr. Bonner, that it is your thought that we could prepare a preference list under which the steel mills could ship their surplus in addition to the direct and indirect requirements now covered by priority certificates, and that this preference would absorb the entire output of the mills?

Mr. BONNER. Yes.

Mr. GRACE. Any production that would not be required to fill Mr. Replogle's so-called "priority" requisitions.

Mr. REPLOGLE. That will not do, because one man will want a surplus.

Judge PARKER. In considering this it is very clear that we must consider the industry as a whole. Whatever is done in distributing this surplus must be distributed through this organization; if you please, take the responsibility, but in conference with the industry as a whole and not ship the surplus because the Bethlehem or the Lackawana may happen to have at the moment a surplus and let them fill orders that are not covered by priority when somebody else is running short.

Mr. GRACE. That will be needed to fill some other priority.

Judge PARKER. That machinery for working that out you gentlemen can set up with Mr. Replogle better than we can, because the question as to whether a real surplus has been developed cannot be determined by one mill, but must be determined by the industry.

Mr. GRACE. That is a problem of distribution and redistribution and therefore it is right in control of whoever controls it.

Judge PARKER. In justice to the Priority Board I want to say that that preference list was put out under pressure in a very few days' time, as the Fuel Administration said they must have some kind of a guide to distribute fuel [indicating list which Mr. Bonner holds]. We said in the statement—it is incomplete and needs elaboration. There are a great many plants that were not embraced, the woolen mills and cotton mills. We did not feel justified in classifying them as an industry, but there are a great many plants in that industry that are entitled to preferential treatment. We are now making, and have been for the past month, an industry survey of this country as to plants, with the idea of stating each individual plant and classifying it in the order of its importance for the purpose of putting out a more complete preference list. I am not at all sure that it is not a germ of the big idea in Mr. Bonner's suggestion. We have got to go on with our priorities to cover the direct and indirect war requirements, just as we are doing today. Now the point is, Mr. Clark, that you cannot, the individual mills and industries as a whole cannot, know the relative urgency of different orders stated in general terms, because that urgency is changing from day to day and we get it from the departments. We are in close touch with the departments here. We get it by cable from the other side, and it is not practicable to lay down any general definition of the urgency of war requirements. They must be, to a great extent, covered by specific orders or certificates. In distribution of the surplus, it is possible that with the assistance of the industry we could make up a list of industries among whom the surplus, if any, might be distributed.

Mr. TOPPING. I would like to say that Mr. Clark's comment on my statement, I accept. Of course, I assume that with all of us in the manufacture of shell steel or large plates there would be a certain amount of certain percentages that would have to be discard steel and put to less essential uses, otherwise it is wasted. With that exception, my statement stands as I made it. We have no surplus except as applied on essential orders. As to Mr. Bonner's suggestion that if there is an ingot surplus it ought to be the duty of each mill to report that, treating the industry as one institution, I agree with that.

Mr. DALTON. This is running through my mind. It seems to me that this whole business of government operations gets engulfed too much in detail. If you can try to keep that before you and see where you can eliminate the detail maybe you can make more progress. Mr. Topping's idea—if you had a problem of this kind you would go over your orders, reburnish them, you would put them in the order of their prime necessity and start with a fresh sheet. I am dropping everything now and the Government's needs are first. Why shouldn't the industry do the same thing. Let us find out what pig iron can do, whether ingots can be used, etc. Then coordinate, instead of doing this work by particular orders. Can we meet monthly? We know in round figures what the capacity of plates would be per month, etc. Can the business be allocated that way? That might be too much detail on the other side. It seems to me

that as far as the pig-iron situation is concerned it is pretty simple if we can find out who are the people that need it. I mean to say that if the United States Steel Corporation needs 100 tons of pig iron more than they can produce and can put that into essential steel products, we ought to take it away from a nonessential.

Mr. REPLOGLE. Here is the idea and I want to just state this case. The Fuel Administration have put it up to us and they will divert coke from one industry to another as we direct. All we asked was for coke to be given to the Midvale Steel and Ordnance Company. We had kicks from fifteen different concerns that came back and said that Midvale was producing a lot of so-called "nonessentials." It was the weakness in that thing that has been continuing and we must get down to a definite basis. The whole theory of this thing—and it has been talked of for four or five weeks, and I have instructions put out some time ago, I told you—and after this conference we felt that it might not be necessary. There are a lot of important orders, thousands of them, being executed right along, which do not have priority classifications. Their relations with the manufacturer is such that it probably is not necessary, and the manufacturers in many cases feel that it is a necessity. Under this new plan it is going to burden the Priorities Committee. It will bring an avalanche of that to them, if they can't get priority classification. If the purpose for which they want the steel is not essential from the Government standpoint, then we will act in cooperation with you and consult with you in a general way, but always under instructions of the War Industries Board as to a policy that might mean the running of many industries. All those things will have to come up, and the War Industries Board will have to be the final authority as to whether we will have to take such action here, that it means the absolute running of the industry. If you gentlemen have objection to the ideas of the War Industries Board, that they shall be followed, that is a thing you should state—how else it can be handled in better shape. That is the problem. It seems to me we ought to be able to decide that this afternoon before we go home.

Mr. FARRELL. It seems to me that if the Government has taken 90% of the output, it would be a mistake for the industry to try to distribute the other 10% over all these industries, essential or nonessential, whatever they may be. The Steel Corporation last week gave you 98½% of the total steel production. It left 1½%. We would be in a very difficult position to distribute that among our customers. I believe very much in Mr. Bonner's idea. If you get 90% of the mills' output and then make up a preferential list and let them work it out the way they can; you never know until the rejected plate comes that you have a rejected plate.

Mr. REPLOGLE. Unless you can't ship that rejected plate, it is up to you to get the license.

Mr. HALL. Your mill would be piled sky-high at the time that would happen.

Mr. FARRELL. Couldn't we make a trial in this manner, Mr. Replogle, by following it for sixty days—a preferential list?

Mr. DALTON. That would be my idea.

Mr. FARRELL. That would avoid a good deal of criticism that we might get the other way.

Mr. MCCALL. Supposing you had orders from two industries and you had some discard reinforcing bars, you only had a limited tonnage of that; who is going to decide which is going to get it? Which company?

Mr. CLARK. What would you do in ordinary times with that?

Mr. MCCALL. You would give it to your preferred customer.

Mr. CLARK. Aren't you going to distribute that as you naturally would? When you are not required by the Government orders to ship that stuff on a Government order, you come back to your contract obligations. You have got to distribute it in accordance with your contract obligation. If you don't like it, you can issue a priority on it.

Mr. TOPPING. That brings up a question of a revision of the form of reports we are making—so as to bring Mr. Replogle's Department and to our Committee the actual facts as to the distribution made in production, currently, from month to month.

Mr. REPLOGLE. We have revised that; we are going to show the shipments on priority classification as well as the orders on hand, showing the priority classification; but I cannot see wherein Mr. Bonner's and Mr. Hall's ideas differ from the procedure being followed today. And what we are doing today is not satisfactory.

Mr. BONNER. The industries today are using their best judgment. They are only using their best judgment now, and what I am suggesting to Judge Parker is that he puts out a definite list, and a more specific list.

Mr. REPLOGLE. Let us get down to a specific case of the United Alloyed Steel; there is a limited amount of the special steels which they are particularly prepared to manufacture. They might be in excellent shape. They might have what they would call a big surplus. You have a greater percentage of war necessities and your customer couldn't get any. Your customer would be shut down; his might be running 75% or 80%. The whole thing is that we have got to get the United Alloyed Steel; we have got to use his ingots or pig iron at Canton, and deliver it to a man who has the Government necessities.

Mr. TOPPING. Why don't you take it away from him automatically?

Mr. REPLOGLE. He is particularly adapted for a certain line of product; on that particular line, you may be unable to take his whole capacity.

Mr. TOPPING. You may be able to take a part of it.

Judge PARKER. Let me ask you a practical question. The only way to determine whether or not there is a surplus is through the industry, isn't it? No individual mill can determine whether or not there is a surplus that he can fill nonpriority orders from. If you set up through your Distribution Committee, or otherwise, a machine to operate under the general supervision of the War Industries Board and Mr. Replogle; when a particular mill fills all of his priority orders and feels that it has a surplus available to go on nonpriority work, he has to clear that through this clearing house. When he clears that through the clearing house, he can indicate where he intends to place that surplus.

Mr. TOPPING. You would tell him where to place that surplus?

Judge PARKER. He could indicate where he intended to place the surplus. The clearing house can say whether or not he has any surplus. They can always say whether or not it is fair under a general preference list or otherwise, whatever method might be determined for him to make that particular shipment. In other words, there would be a check permitting any mill, in the first place, to distribute what was conceded to be a surplus when no general surplus existed. In the second place, to prevent any mill, in view of the small amount to be distributed, to favor any particular industry. I am sure all of you gentlemen realize the immense importance, assuming that there is going to be a surplus, of distributing that in an equitable way, because the distribution of that surplus, if any, involves questions of finance, economics, sociology, credits, building up export trade, and a thousand and one factors that cannot be guessed——

Mr. TOPPING. All the surplus sold this year is sold and booked. The sociology feature will be wiped out by that fact; every mill, so far as we got the surplus, we ourselves have an obligation to apply that to contracts now existing.

Mr. FARRELL. We have shut down on some customers and we have lawsuits to deal with.

Mr. CLARK. I think the average man today that makes a sale made the deliveries in performance of that contract absolutely subject to any state rebellion to ship that elsewhere. We are relieved on those contracts just as soon as that state or Federal agency doesn't give us the order to ship to that mill.

Mr. REPLOGLE. How would it be to show them the ideas of the War Industries Board; and if that is not in accordance with theirs, let them draw up their suggestions?

Judge PARKER. I just mentioned this in passing. I don't mean to say that I am advocating the plan. We have some industries, raw materials, plates, etc., where the demand was very great. We commandeered the entire output so that the Government absolutely controls it and relieves a manufacturer or producer from any contract obligations. Then, to the extent that we do not really require it, we release it from the commandeering order and distribute it equitably among the trade. That has been done in a number of cases.

Mr. DALTON. You would release a certain amount and the average concerns ship it where they choose; or do you tell them even where to ship it?

Judge PARKER. The consumer applies for what he needs and the War Industries Board determines whether or not it can be released to him, and he pays the producer for it.

Mr. GRACE. In effect, you resell it.

Judge PARKER. I don't mean to say that I advocate that as applicable to the steel trade, but just outline that as one way to meet your problem.

Mr. TOPPING. In steel you have so many complications, I don't see how you can do it.

Mr. GRACE. Mr. Chairman, you must have something on your mind.

Mr. REPLOGLE. Yes; Judge, I don't see any reason for not giving them this, do you?

Judge PARKER. You please read the revised list.

Mr. REPLOGLE. It is the War Industries Board's idea of this proclamation, of which Mr. Baruch told you this morning. [Reads:]

Judge PARKER. I think that is quite a task; that is rather drastic. That is the outline of a plan of the machinery for carrying it into effect, which will have to be set up, and certainly the distribution of a surplus will have to be made by the industry as a whole rather than by the individual plants. That is, the determination whether the individual plant has a surplus to ship. That will be determined by this clearing house; and when it comes into the clearing house, if the Lackawanna Steel Company says it proposes to ship to John Smith certain of its products, it comes into the clearing house, the clearing house determines whether or not the industry as a whole has a surplus, in conference with Mr. Replogle, whether or not that order should be filled.

Mr. REPLOGLE. It is an enormous task.

Mr. PARKER. I am not sure about that, but I believe that might be worked out in this way. First, let the Clearance Committee have the industry in consultation with Mr. Replogle to determine whether there is a surplus. When that is determined, let that surplus be distributed by the individual plant under a preference list such as Mr. Bonner suggested, and let each individual plant make a report, say once a week where he has made those shipments.

Mr. TOPPING. My memorandum is a practical suggestion. In order to make a survey as to just what has happened, I recommend and suggest that we obtain from each producer of steel in the United States a detailed statement of the classified shipments made by that industry, showing how much went to the merchants, how much to the automobile manufacturers, rivets, nuts, and pipe, etc., get that list as accurately as we can. Then when you have gotten that, you can criticise what we produce in April with reference to saying what extent you would permit a continuance of shipments to the percent that was applied in April to the future requirements of these various consumers. That will give you, it seems to me, a picture of what the distribution has been, and will enable you to apply the production of the coming month, with perhaps a little more wisdom. I would not wait to get it week by week, I would have a complete picture made first and then study that picture, and apply the lesson, that is along the lines of this general discussion. You have two reports today to give you that story. Let each Mill work it out as to how you want it classified. What is the matter with that? Let the Mills do that.

Mr. DALTON. That is what we have already started on pig iron.

Mr. REPLOGLE. I think that is going to be a very good report. I feel that we might get results by simply getting detailed reports from each manufacturer, each week accompanying the others, of all nonpriority shipments made in the name of the customer, purpose as near as could be determined, and reason for shipment.

Mr. GRACE. Couldn't we accomplish a lot by having a general preference list to ship against? That would surely qualify and protect the shipments to what you people here think it ought to go to.

Mr. CLARK. You could have your "A" shipments, "B" shipments, and "C" shipments which would be this list, call it if you like, that are the outside. If it were found at all necessary you could detail

shipments of the "D" list according to trade, etc. I would detail these "D" shipments right off. If those shipments get to us, you are going to demand explanation, etc.

Mr. REPLOGLE. Of course it is not for the manufacturer to determine what classification he has to go with the certificates that are in hand.

Mr. CLARK. What I am arriving at is that if your general "A" and "B" priority certificates—and then it seems to me that a general list like this comes next, and when your entire output has gone to 'A's" and "B's", and then if there is something outside, something left and you shipped it outside, you explain that.

Mr. REPLOGLE. What do you feel about that?

Mr. FARRELL. It would be a good scheme.

Mr. REPLOGLE. Shall we now go before the War Industries Board, and make that recommendation? Do you agree with that, Judge?

Mr. PARKER. I think it is well worth considering. The plan as outlined in that resolution just read, the resolution provides for the distribution with approval in writing of the direction of steel supplies of everything not covered by priority. That is very general. There was no attempt made by the War Industries Board to determine whether that approval should be general in its terms or specific and cover each order. That is a matter to work out here.

Mr. GRACE. Did it qualify the word "priority" in your judgment?

Mr. PARKER. No.

Mr. REPLOGLE. I think it did. In accordance with certificates which you issue.

Mr. PARKER. That is what I had in mind. I think this other plan may be more workable, and avoid congestion which will inevitably curtail production.

Mr. TOPPING. It will bring before you constantly the delivery and shipment of material to doubtful consumers that may be on the doubtful list, below your priority list.

Mr. PARKER. In that way you could have an early and constant check on all shipments which were made, and know accurately what shipments were not made.

Mr. REPLOGLE. There is less reason for this than there was two or three weeks ago. The manufacturers have signed this pledge and have agreed. The Presidents and executive officers of the companies have agreed to give that personal attention in producing the maximum amount of direct and indirect war necessities. Having done that, let us follow it up with the recommendations of the Board that we instruct all steel manufacturers to render a weekly report with the others. We are going to change our weekly report to begin with as showing the shipments of Class "A", Class "B", and Class "C".

Mr. CLARK. I understand that Class "C" must come within this preference list.

Mr. REPLOGLE. I would object to that, not covered by priority certificates.

Mr. TOPPING. My understanding is: how much material has gone to a nonpriority class of consumers, and to whom by each mill, and the total amount involved. You will get it by that detail report as a supplemental report.

Mr. HALL. Judge Parker wants to have this additional list of shipments——

Mr. DALTON. With some recognition as to what they considered not prime essentials, but have some essentials attached to them. I think the manufacturer has to have that because if he doesn't, it is as Mr. Farrell says, "they are on your neck." The Pig Iron people say that all the pig iron is sold. All the Pig Iron that you ask for is simply taken away from somebody. If we had a list of this kind back of us, it would strengthen us just that much more.

Mr. GRACE. I think we ought to report in detail what we ship on this list.

Mr. REPOLGLE. What we want is what you ship in detail on everything not covered by Class "A" and Class "B" certificates.

Mr. DALTON. That is right.

Mr. CLARK. It seems to me that with this preference list here, you ought to define that, call it "C" or what you like, report your shipments not as "A's" and "B's", but what are on this list. Detail any if you think it necessary. Then have an exact list, if you please, so if there is anything else shipped—there should not be, but there might.

Mr. TOPPING. It seems to me as a matter of information, you and Mr. Replogle, you want something more than that. There are lots of industries in this Country that you don't know anything about, that your shipping list must tell you something about. If you are going to extend your classified list, it seems to me that you ought to have a picture of the whole distribution in detail classified by the trade, otherwise you would not have that full information that will enable you to use the fullest intelligence.

Mr. PARKER. We are making up such a list now, but the ideas that the individual Mills could give us would be very helpful.

Mr. REPLOGLE. Judge, will you draw up our ideas here in some way and I don't see any necessity for further delay, because what we do I think we should do now. I see no reason for any further Meeting.

Mr. FARRELL. Now, what I thought this Meeting was called for principally was to go over this list of requirements. Let us take your list and make a study of it and we can say to you whether this can be accomplished or not. As to the surplus, that is another matter.

Mr. PARKER. I think there are two very distinct problems and purposes to be dealt with by this Meeting. The first is: assuming that there will be a surplus not covered by priority certificates, how that shall be dealt with. The second one is to my mind quite as important, and that is to get the benefit of the judgment and experience of the industry in considering and analysing, if you please, your requirements, and to get their suggestions and recommendations as to how they can be dealt with to get the war requirements 100 per cent of their requirements, and I don't mean by that, and I am sure the industry won't approach this problem with the idea of criticizing in an offensive way, but rather in a helpful way.

Mr. FARRELL. Suppose we take that just as it is presented and see if it could be done.

Mr. REPLOGLE. Why does that enter into this?

Mr. FARRELL. That is the first thing to do.

Mr. REPLOGLE. I don't agree with you at all.

Mr. FARRELL. You say certain tons of steel are required. It seems to me that that should be passed on to the Committee of the industry to make a study of it.

Mr. REPLOGLE. All that I will say is that we have more orders right now than we can produce. Take the immediate situation, not any estimated requirements. I say that we are up against it this minute.

Mr. CLARK. You have stated that the orders on hand at the rate we are going, means so many weeks. Are we to understand that if those orders are filled in that number of weeks, they will not be in time?

Mr. REPLOGLE. I certainly do.

Mr. CLARK. Mr. Replogle, if that is your attitude, you are dealing with the impossible.

Mr. REPLOGLE. Do you gentlemen assume that that statement is not correct? Are you going to give this car plate, these locomotive plates as we are wanting them?

Mr. CLARK. What I am driving at, you take plates today, you are running it over 5,000,000 tons a year. That means that with the orders on hand you have so many weeks at that rate to fill the orders on hand. If they are filled at that rate, you say it will still be too late. If that is true, what is there left to discuss, except to get out and increase plate capacity?

Mr. GRACE. We will do all we can in that way.

Mr. CLARK. I agree with Mr. Farrell, that in the first place the steel industry, if I am correct, has never really had a definite statement of the Governments' requirements. We have tried to get it. It is changing with you every day.

Mr. REPLOGLE. I am giving you figures that I get direct from the manufacturers themselves over their signature.

Mr. CLARK. That is alright about the orders on hand. Mr. Replogle, you are making the statement now that if the plate orders are filled at the rate of 5,000,000 tons a year, the Government will suffer.

Mr. REPLOGLE. I know that.

Mr. CLARK. My impression is that some of the plates would not be used.

Mr. REPLOGLE. I don't dispute that.

Mr. CLARK. Then it is the question of distribution or allocation of them.

Mr. FARRELL. Up to the time of the Meeting in New York, which of course we will all admit was a very satisfactory meeting, and results were obtained in the way of pledges that our Committee on distribution were enabled to get within hailing distance. There are a great many concerns that have signed these pledges and it is very gratifying to this Committee to see the appeals they are making to their men. Our appeal to them has produced to participate to the extent they should have done in the Government program. It all fell on deaf ears. Without quoting any verbage and placing my hand over my heart as one states, we are very glad to say that there is an opportunity to get this additional tonnage. We want to go into this situation and we want to get in touch with these various Companies and devise ways and means of getting

more of their material. That can be done in the industry. Take the list of the requirements to have our Committee give it their undivided attention, make a study of this situation, determine as to where we can get more material than we have been getting. I know that we could use 60,000 tons a month more ingots at home instead, if we could get them anywhere. It isn't a question as to what we pay for those ingots, it is simply a matter of getting more to help the war program. There are certain concerns that can produce more of this material. This Committee has never had that opportunity. We have never really known what the Government wanted.

Mr. REPLOGLE. You never will know.

Mr. FARRELL. We have always known what the Navy wanted. The manufacturers have given the Navy every pound of material that they required, when and where they wanted it.

Mr. REPLOGLE. You know that is not correct.

Mr. FARRELL. Where is it not correct?

Mr. BONNER. We are talking about plates and bars.

Mr. REPLOGLE. There are a great many things. I can give you specific instances, Mr. Farrell. Twelve months ago the Navy Department didn't know whether they would be able to build any destroyers because they couldn't get seamless tubes. We have to go into these questions, it may require more capacity, it may require more plate capacity. Things can be done and things will be done to produce the material required.

Mr. GRACE. Isn't your direct problem, direct question today, what ought to be——

Mr. FARRELL. Why not work on the priorities and see how that comes out. You may have to come to it, but if you begin to do it, you will have to build up an enormous organization to do it. I believe, as I said today, a good deal of these nonessentials are going to draft away.

Mr. TOPPING. A good many of these nonessentials will have to, of necessity, quit.

Mr. FARRELL. What has become of the Government program? I'll tell you what has happened to it, there was no legislation or orders issued to curtail building. The steel manufacturers refused to furnish material for the buildings other than the steel required for the Government. You remember the man who came here from Chicago who wanted to do some building.

Mr. GRACE. Can't we come to this one particular question?

Mr. PARKER. We tentatively disposed of that so far as disposing of the surplus.

Mr. GRACE. If we do that, it disposes of the situation that you brought us down here to consider today.

Mr. PARKER. If that is acceptable to the War Industries Board as a whole. While that is true, I cannot, myself at least, say that it is impossible to meet the War program on time and if the steel industry as a whole of this Country is in possession of all the information available as to what is required and the time it is required and the urgency of the requirements, I feel that some plan or plans can be arranged to meet these requirements. Now this is constructive work and it seems to me that it is the duty of the industry as such to co-

operate with Mr. Replogle, and any other agency that is interested, to sit down and devote whatever time is necessary to master the problem. If it is necessary to increase production, you ought to be about it. If the requirements can be met in other ways, why so much the better. But it seems to me that the bigger problem before us, the problem we have been discussing, is how we will dispose of the surplus, if any, that will be produced. But the bigger problem is how can we expand our facilities to take care of all the requirements, and I think that if I were in your place, Mr. Replogle, I would not only encourage this industry, but I would lay the burden on them. I would draft them, if you please, and tell them that is your job.

Mr. BONNER. May I suggest what we have been suggesting here for months? If we can only get something authoritative of the Government's requirements so that we can match them up with what we know to be the capacity, there is no question about the industry providing the necessary increased capacity.

Mr. REPLOGLE. Mr. Bonner knows he cannot get that—never will get it. This is changing every 24 hours; that German offensive changes every day. You have all those figures. We laugh at the way the Ordnance Department gives them to us. They give us definite figures for shells, then tell us that they need almost twice as much. The figures that they have given you try to minimize and they say that if those facilities are not there to produce that, they must be created immediately. It isn't up to the Iron and Steel Institute, I don't think, to tell them they don't know their business. I have been a party to it. I have disputed this with the different agencies. You then come back and show the absolute necessity for it and I feel that we ought to provide for the necessities as they are given us by the authorized Departments, and if we don't have enough capacity we ought to take some measure to get it. You say "if you can always get these." You have gotten them.

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Mr. REPLOGLE. How would it be if I get Mr. Baruch and tell him about what we have done? I think we might clean it up this afternoon. I think he is anxious to have some definite action on it. I told him you preferred to have this meeting Monday, but he objected and wanted it Friday by all means. If satisfactory, I will ask for a meeting Saturday afternoon at half past three or four; would that suit you, Mr. Farrell?

Mr. FARRELL. Yes.

Mr. REPLOGLE. I think before you to——

Mr. TOPPING. I don't see what you are going to accomplish by a conference with Mr. Baruch.

Mr. FARRELL. We had a Meeting here of our whole general Meeting here. It was suggested that our distribution committee should meet with you and your men to evolve ways and means of handling these requirements which you refer to and we got into a discussion now on this matter of dealing with your surplus. It seems to me that that is a matter which we should go over on our General Committee. This is a fragment of our General Committee and the Distribution Committee. I would not want, without conference with our General Committee, to agree or commit the General to some policy which they had no opportunity to consider. What I would suggest is to give us a list of the Government requirements and let

this Committee here make a study of the whole matter and come to you and say that we are certain that this can be done and cannot be done and we may have suggestions to make as to ways and means of bringing it about.

Mr. TOPPING. If we had at the time we considered a classified list of the tonnage—we then can determine whether we have two million tons or three million tons.

Mr. FARRELL. How are you going to schedule the stuff down unless you get that picture?

Mr. CLARK. Mr. Farrell, do you think we would go beyond our authority if we state that the industry ship any surplus over a "B" price or against the preference list that they shall make reports and they shall report anything outside of that if he so desires. And if it is agreed that we think that is a good suggestion, I think we can agree to that right now.

Mr. FARRELL. We can agree to that.

Mr. CLARK. With that done, I am in entire accord that we take these requirements and come back. I don't think we could settle that today. I do think we could absolutely conclude this matter of the surplus right now, and that gives you a good deal done.

Mr. FARRELL. There are interchangeable possibilities in a lot of this. I think you could present the matter to him and then you could excuse us.

(Mr. Baruch enters at 2:45.)

(Mr. Replogle explains lines of procedure that have been followed to Mr. Baruch.)

Mr. BARUCH. You think that is going to meet the situation that you unfolded to us?

Mr. TOPPING. There is another point in addition to that. Each manufacturer will undertake to present to a clearing-house committee, distribution committee, a statement of any surplus of steel it may have available for distribution as against an excess of the Government wants or priority. This Committee can determine what is the best disposition to make of that.

Judge PARKER. The industry, following Mr. Topping's suggestion, will undertake to give us a line on the industries to which shipments have been made during the past month. We want to move as promptly as possible. We are making it a pretty intense study. We come to the question of the industry dealing with these requirements. The requirements come to us from the different Governmental agencies and we call upon the industry to meet these requirements. It is not only, as I see it, their privilege but their duty to take those requirements and make, as an industry, an intensive study of them and plan with as much definiteness as possible just how they are going to meet them. The details of working out those plans are a matter for the industry, and you, Mr. Replogle, to decide. Is there any objection to pursuing that course?

Mr. CLARK. May I ask a question? I understood you to say that the shipment of the surplus, if any—the surplus to be determined by a clearing committee——

Judge PARKER. That is, you could not tell Mr. Clark whether or not the industry as a whole has a surplus, unless there was some kind of clearance? You might have a surplus.

Mr. CLARK. What am I going to do with my individual surplus while you are finding out about that?

Mr. TOPPING. You would receive instructions.

Mr. CLARK. That is the point I was making.

Mr. REPLOGLE. Continue your practice and report that.

Mr. CLARK. If I had my "A's" and "B's", and then applied this balance and reported that——

Mr. TOPPING. That is right. Of course, that is educational for the Committee. I would like to go back to one other point. Mr. Bonner has talked about it two or three times. I believe the Government has now a Procurement Committee.

Judge PARKER. A "Requirements Committee."

Mr. TOPPING. Why can't that be brought into commission and obtain some more exact information than they are willing to give you?

Mr. REPLOGLE. There is no question of any involuntary action on their part. It is just a question of their absolute inability to get anything more definite than they have. Now, the Shipping Board—they have a number of men going to every shipyard of the United States. We have told them that their blanket requirements for all the emergency fleet corporation plants is not sufficient; they must analyze and give us the requirements per month of plates, shapes, bars, and tubes of all material at each yard. They are doing that. We have been after them in this Requirements Division, which sits here every morning. We ask them almost every morning for that information. It is an enormous task. They are getting to it just as fast as they can. When they place additional contracts, we get their estimates; we got one yesterday, from a purchasing officer, showing an additional requirement on boats for which they will need the material this year. We cannot get anything very much more definite than we have because the program is changing daily.

Judge PARKER. Let me assure you of this, Mr. Topping. We have got an organization here in which responsible representatives of every Government, or all agencies interested in purchasing supplies, meet here every morning at nine o'clock. We are putting the screws to them in every possible way to extract every possible bit of information we can get. It is coming. They are setting up organizations to get their own bearings more accurately, and just as fast as we can get that we are going to pass it along.

Mr. TOPPING. I want to suggest that if this Government would make a reasonable provision to take off depreciation with representatives' excess cost of production in any industry—they are all up against that very same question; it is vital to their future. If it only costs $300,000,000 to put up equipment and the Government would absorb, or permit the absorption, whether you amortize that in two or three years, but it has to be written out and meet that situation very promptly.

Mr. REPLOGLE. That will be taken care of in part.

Mr. TOPPING. We cannot get anywhere with it. I do not want to make any money on it; I do not want to stand a loss of that much; we could not afford it.

Judge PARKER. That is a practical question that all of you gentlemen who are increasing your facilities are interested in. It seems to me that, as an individual, you ought to put that up in concrete form. I am not sure but that the War Industries Board would undertake to deal with it. That is a matter to be taken up with the Treasury Department. They would have to change their existing rules with reference to permitting writing off depreciation, but the conditions are such that possibly some proper exception could be made to these rules.

Mr. TOPPING. Make it by Government contract, then you would not have to change anything.

Mr. FARRELL. Is there anything our Committee can do to help in any way to assist you any more than we are doing?

Mr. REPLOGLE. No, sir; there is nothing. I was going to say in a general way that I think we are prepared to report to the Board our general conclusions on this particular subject presented to us. As regards requirements, we are making every effort to get them just as fast as we can. In the meantime, I will give you the latest we have. I got this Shipping Board material yesterday, and such other information as we may have. We got this order from the British War Mission for 180,000 tons of pig iron, and I will give you that just as early as possible. Are we prepared to meet the Board again? Are you gentlemen prepared to come to a final conclusion as regards this today?

Mr. TOPPING. I do not think we ought to decide today definitely. We ought to report what your suggestion is; we ought to go home and study the situation; you, and those whom you desire to bring with you, ought to meet us in New York and go over this surplus if there is any.

Mr. BARUCH. How are you going to stop the automobile manufacturers to stop locking up steel?

Mr. TOPPING. He has already locked it up.

Mr. BARUCH. They made an agreement and broke it.

Mr. REPLOGLE. Absolutely.

Mr. BARUCH. I don't think we ought to have them have a pound of steel.

Mr. FARRELL. The steel industry is now devoting their entire object to the Government output, to Government requirements, direct and indirect. These so-called "nonessentials" are going by. We have been talking about dealing with the surplus; there will be a very little surplus.

Mr. BARUCH. You were not satisfied before that the program would take as much as it is taking now.

Mr. FARRELL. I believed that at the outbreak of the War that the steel industry would have to contribute 80 percent of their products and I made the statement at the time, and my associates so thought, that 15 percent or 20 percent would do. I concluded we would reach 80 percent. I based that upon what had been going on in England and France. It seems to me that our Committee ought to have an opportunity to make a study of these requirements and determine whether or not they can be met and in respect to this question of surplus, if any, it might be dealt with by long lines of priority, as outlined by Judge Parker a little while ago.

Mr. BARUCH. I am a little bit "leery" of what has happened in the automobile trade. Those men came down here and made an

agreement that they would not prepare for the next year's program until after they had consulted with us. They just made us look foolish.

Mr. FARRELL. I think you will find that a great many manufacturers had considerable stocks.

Mr. BARUCH. I should like to get from the steel people the amount of steel that has been delivered on contract with the automobile manufacturers within the last three months.

Mr. FARRELL. I can say off-hand that there was probably one-third of their normal requirements.

Mr. REPLOGLE. One-third? What do you call normal requirements?

Mr. FARRELL. 1917 production.

Mr. GRACE. I think there is one important fact in disposing of the surplus; the War Industries Board is to give us a preference list against which all that surplus steel must be shipped. We must give Mr. Replogle a detail of how much was shipped against that list.

Mr. BARUCH. Whatever steel is left over, we will sell to the industry only on your "say so."

Mr. GRACE. That is right.

Mr. BARUCH. You want to distribute all of the steel you have distributed on that preference list that we have put out, and nothing that is on that preference list——

Judge PARKER. Let me see. In the first place, we will continue the issuance of priority certificates in the future as in the past. The steel mills will fill all priority orders, either A or B orders, before they make other shipments. If there is any surplus, they will distribute that surplus to their customers, provided they are embraced in a preference list which the War Industries Board will issue, and in addition to that anything that is not covered by an A or B priority will be reported in detail each week to Mr. Replogle.

Mr. BARUCH. That will cover the situation, won't it?

Mr. REPLOGLE. Yes; except the other provided for license. They could go ahead and ship and render report here that it was shipped.

Mr. BARUCH. The industry will regulate itself instead of us. I would rather have it that way.

Mr. GRACE. Hold on, now; you don't. You recognize us by giving us a license to ship to a certain group.

Mr. BARUCH. You would regulate yourself on our regulation.

Mr. FARRELL. I told you what has happened in the plate industry. You are getting 98½ percent of the production; it has regulated itself.

Mr. BARUCH. That extends to pig iron.

Mr. REPLOGLE. Our figures don't show that, Mr. Farrell.

Judge PARKER. We tentatively agreed to that, Mr. Baruch. As to recommending that to the War Industries Board, it had not committed the War Industries Board. It simply means that the Government first prescribes what shipments shall be made to take care of direct and indirect war needs. They go a step further and say, "Now if there is any surplus after taking care of priority orders you are at liberty to distribute that surplus, provided it is not needed by the industries as a whole." It is provided that your material is not needed by some other industry to fill A and B orders, and provided further that the orders you can ship that surplus to is redistributed to this preference list, and then a detailed report is made of the shipments of that surplus to Mr. Replogle that the Government may have a clear check on those shipments to see that there is going to be——

Mr. BARUCH. Does Replogle get the order before it is shipped?

Judge PARKER. No. If the customer is not embraced within the preference list the shipment cannot be made.

Mr. BARUCH. Suppose all my stuff is manufactured, what happens to me?

Judge PARKER. And you are not on the preference list? There will be no shipment made.

Mr. BARUCH. Suppose Mr. Grace has a surplus, and I say I want some steel. Suppose some customer goes to him.

Mr. GRACE. I cannot ship.

Judge PARKER. In that case, Mr. Grace would say, if it is a stove manufacturer, you are not on the preference list. I cannot make that shipment to you.

Mr. BARUCH. What do I do then?

Mr. TOPPING. You go and get a priority order.

Mr. BARUCH. Isn't it possible for you gentlemen who are familiar with the trade to find out the percentages of trades that have been using steel? If there was 30 or 40 percent of the capacity left, we could find some way of dividing that up.

Mr. TOPPING. I have suggested that we get a detailed list classified by trades of the shipments for the month of April which would give us a picture of the distribution. How much is going to the merchants; how much to the motor truck men; how much to stoves; how much to everybody else. You can classify it and have it thoroughly done because our books are so kept.

Mr. REPLOGLE. Can you classify it, Mr. Farrell? It is pretty hard to trace, is it not?

Mr. FARRELL. Yes. You can say automobiles, motor trucks, threshing machines, and plows—you get a better price of that thing than you do any other way.

Judge PARKER. We have disposed of that feature of taking care of the surplus. If a further statement is to be prepared by the trade in accordance with Mr. Topping's suggestion, then we should discuss the duty of the industry toward analyzing the requirements of the Government with a view to making a definite recommendation as to just how those requirements are to be made. The committee here are prepared to and not only willing, but I gather it, anxious to get as accurate and definite a list of requirements of the Government as it is possible for us to furnish, and then may take those requirements and state them from the viewpoint of the industry as a whole to see if any plan can be evolved that will enable them to take care of these requirements.

Mr. FARRELL. We are going to assume that all this material is required. We may have statistics to make. The first thing to do is, to take these requirements; take them into our committee, which is a representative committee. We are familiar with the character of plants, and we can come to some conclusion, I think, as to the extent that we can meet these requirements, and then we will report back to Mr. Replogle, or rather, meet with him, and get it as quickly as we can.

Mr. BARUCH. I think we better get the plans detailed out.

Mr. CLARK. Mr. Replogle can require the industry promptly to make the reports, etc., along the lines agreed.

Mr. FARRELL. That will be satisfactory.

Mr. REPLOGLE. Yes. I will be in Monday afternoon.

Mr. FARRELL. What is the action necessary now on the part of the War Industries Board.

Mr. REPLOGLE. I don't think any action is necessary. I am going to change those blanks to show the class a and b and c—tonnage shipped.

Mr. BONNER. I understand, Mr. Hall, that the Emergency Fleet Corporation don't carry priority certificates; that might confuse some mills.

Mr. REPLOGLE. Refuse to ship them unless they have that priority.

Mr. BONNER. We are shipping them now, but the certificates are not being issued.

Mr. REPLOGLE. Tell them to hold it up.

Mr. TOPPING. You may lose production.

Mr. REPLOGLE. It don't make any difference.

Mr. FARRELL. Everybody considers shipping first.

Mr. REPLOGLE. Under this plan, let it go in the nonessential stuff until they prove that it is right. They have to prove that by the priority certificate.

Mr. TOPPING. What I meant to say was that if we didn't have the certificate number, we would ship the stuff without the number; because it goes under that classification. It is a priority class.

Mr. REPLOGLE. As it stands now, you can tell just as well as I can, until there is something more definite; just use your judgment the same as you have been.

Meeting adjourned at 3:10 o'clock.

6 3 **Meeting of the War Industries Board held Tuesday, May 21st, 11:00 A. M., in Room 909, C. N. D. Building**

Present: Mr. B. M. Baruch, Chairman; Admiral F. F. Fletcher; Brig. Gen. Hugh S. Johnson; Mr. Hugh Frayne; Mr. Alex Legge; Judge E. B. Parker; Mr. L. L. Summers; Mr. G. N. Peek; Mr. E. P. Ingels, Secretary.

Organization—Reading of the Minutes.—Minutes of the meetings held on May 16th and 17th were read and approved.

Steel—Actual Requirements.—In order to determine whether or not the steel now on order by the various Departments can actually be fabricated and converted into finished products within the specified time, it was ordered that a letter be sent to the Secretary of the Navy, Mr. Williams of the Railroad Administration, General Johnson of the Army, Mr. Hurley of the Shipping Board, and copy of said letter to Mr. Schwab, asking that their Departments make a restudy of the situation and advise the Board as to whether or not they can actually use the steel ordered within the
6 4 specified time. It was also requested that Mr. Legge ask the Allied Purchasing Commissions to do the same thing.

Steel—Distribution of.—Mr. Baruch read the following resolution drafted by Judge Parker embodying the results of the conference held on Friday, May 17th, with the Representatives of the Steel Industry.

Whereas a careful study of the sources of supply in connection with the present and rapidly increasing direct and indirect war requirements for iron and steel products has convinced the War Industries Board of the necessity for (1) a strict conservation of the available supply of iron and steel products on the one hand, and (2) the expansion of existing sources and development of new sources of supply of iron and steel products on the other hand; and

Whereas the producers of iron and of iron and steel products in the main concur in this conclusion reached by the said Board and have expressed their willingness to whole-heartedly cooperate with the said Board in its efforts to provide for promptly meeting the direct and indirect war requirements of the United States and its Allies for iron and steel products: Now, therefore, be it

Resolved by the War Industries Board, That all producers of iron and
615 all manufacturers of iron and steel products in the United States be, and they are hereby, directed that on and after June 1, 1918, no pig iron, or steel manufactured products shall be shipped or delivered save in pursuance of the authority of the War Industries Board evidenced as follows:

(1) By priority certificates issued by the Priorities Division of the War Industries Board; or

(2) After the orders covered by such priority certificates shall have been provided for or filled, then producers of pig iron and of steel manufactured products may utilize such raw materials and manufacturing capacity, if any, as they may have available, to fill orders of their customers not covered by priority certificates, provided such orders are embraced within the schedule of purposes entitled to preference treatment as determined by the Priorities Board as follows:

Ships, including destroyers and submarine chasers.

Aircraft.

Munitions, military and naval supplies and operations: Building construction for Government needs. Equipment for same.

Fuel: Domestic consumption. Manufacturing necessities named herein.

Food and collateral industries: Foodstuffs for human consumption and plants handling same. Feeding stuffs for domestic fowls and animals,
616 and plants handling same. All tools, utensils, implements, machinery and equipment required for production, harvesting, and distribution, milling, preparing, canning and refining Foods and Feeds, such as seeds of Foods and Feeds, Binder Twine, etc. Products of collateral industries, such as fertilizer, fertilizer ingredients, insecticides, and fungicides. Containers for Foods and Feeds, collateral products. Materials and equipment for preservation of Foods and Feeds, such as Ammonia and other refrigeration supplies, including ice. (Including all necessary raw materials, partially manufactured parts, and supplies for completion of products.)

Clothing for civilian population.

Railroads or other necessary transportation equipment, including water transportation.

Public utilities serving war industries, Army, Navy, and civilian population.

Provided, however, whenever the Priorities Board shall have promulgated and certified for observance to the producers of pig iron and steel manufactured products, a revised preference list, no surplus material or capacity after filling or providing for all orders covered by priority certificates shall be used to fill nonpriority orders save such as are placed by industries or plants embraced within such preference list; and

Provided further that each producer of pig iron and of steel manufactured products shall at the end of each week, ending with midnight Saturday
617 thereof, prepare and forward to the Director of Steel Supply of the War Industries Board a detailed statement of all shipments made during such week not covered by priority certificates, and also a statement of the approximate quantity of raw materials or of manufacturing capacity which will probably be available during the succeeding four weeks and which will probably not be required for the filling of orders covered by priority certificates; and

Provided further that the Director of Steel Supply shall, where it becomes necessary to do so in order to meet the demands of direct and indirect war requirements as a whole, either so allocate new direct or indirect war orders

as to absorb in whole or in part such surplus raw materials or capacity as any producer or manufacturer may have after filling orders covered by priority certificates, or in the alternative may divert raw materials from one manufacturer or plant to another in order to meet the direct and indirect war requirements: Be it further

Resolved, That should any producer of pig iron or of steel manufactured products have any surplus war material or manufacturing capacity after
618 filling (a) all orders covered by priority certificates and (b) all orders embraced within the schedule of purposes entitled to preference treatment or placed by industries or plants embraced within the revised preference list, after it shall have been promulgated and certified by the Priorities Board, then in such event such surplus materials or capacity may be disposed of by such producer or manufacturer to other customers subject to the approval in writing of the Director of Steel Supply first had and obtained; be it further

Resolved, That the Director of Steel Supply and a committee appointed by the American Steel Institute shall jointly make a careful study of the present and prospective iron and steel requirements of each and every department and agency of the Government of the United States and of its Allies, and the capacity of the iron producing and steel manufacturing plants of the United States to meet such requirements and present to this Board as early as practicable (1) a report of their findings together with (2) recommendations of measures, if any, which should be taken to stimulate and increase the production of iron and of iron and steel products in order to meet the direct and indirect war requirements and the demands of industries of exceptional or national importance.

619 It was decided that before the Board takes any action in this matter that the resolution should be referred to the Steel Committee of the American Iron & Steel Institute for their approval or recommendation.

Shipping—Propelling Turbines.—The attention of the Board was called to the fact that if the Emergency Fleet Corporation is successful in completing the hulls now under construction and those scheduled for construction within the approximate time specified that no doubt there will be a shortage of propelling equipment, and consequently steps must be taken to increase production of propelling turbines. Mr. Legge was requested to draft a letter, addressed to Mr. Charles N. Schwab, for the Chairman's signature, calling his attention to this situation.

Emergency Construction—Terminal Warehouse at South Brooklyn.—The Board's attention was called to the following letter, dated May 19th, addressed to General Goethals, signed by the Chairman, again calling his attention to some of the difficulties which this Board anticipates if the construction of this warehouse is proceeded with:

MAY 19, 1918.

Major Gen. G. W. GOETHALS,
Director of Purchase, Storage, and Traffic,
War Department, Washington, D. C.

628 MY DEAR GENERAL: I wish to refer to your letter of May 4th on the subject of the Brooklyn Warehouse, as it is clear that you do not understand the position of myself or the War Industries Board on this subject.

In suggesting temporary construction, we did not have in mind the plans recommended by Mr. Smith, nor had we any argument or brief to offer in favor of any location. We quite naturally assume that if temporary structures could be utilized that at least a portion of them would be on the same site that you propose to build permanent buildings.

Our feeling in the matter is that you don't fully appreciate the seriousness of the situation as regards transportation and fuel in what is commonly referred to as the "congested area." To try to make this more clear, we are attaching hereto a map prepared by the Fuel Administration outlining a district, regarding which they make the positive statement that it would be impossible with present facilities to supply sufficient coal for domestic consumption and care

for the industries within that area actually engaged on war work; that is to say, that their present estimates indicate that all manufacturing activity, other than essential war needs, would have to cease next winter unless additional transportation can be provided. At the same time, the Railroad Administration advises us that they do not believe it will be possible to make any increase in the traffic movement in that area.

The Brooklyn Warehouse calls for, roughly, 50,000 carloads of material. This will, of course, be reduced to whatever extent you may find it possible to obtain delivery by water. On account of the large and constantly increasing demand for steel for Governmental purposes, it seems clear that every ton of steel used will have to be obtained by closing down some industries now consuming steel products.

The figures submitted indicate that the storage space at Brooklyn will cost you approximately $8.00 per sq. ft., and at Boston $17.00 per sq. ft., as compared with the cost of approximately $1.30 per sq. ft. at Cumberland, Pa. This would indicate that were it possible to get along with temporary construction it would undoubtedly be profitable to do so even though the temporary structures had no salvage value after the war. From an investment standpoint, it would obviously be impossible to expect the rental of space after the
621 war would bring in a satisfactory return on the present cost of construction, as indicated by these estimates.

However, this is not the point with which we are particularly concerned; but we believe that the situation to be so serious that to complete this permanent warehouse in time to be of any use to you during the war can only be done by a serious curtailment of other war activities in that district depending upon the same transportation and fuel supply.

Yours very truly,

(signed) B. M. BARUCH,
Chairman War Industries Board.

The meeting adjourned at 1:35 p. m.

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LETTER OF CERTIFICATION

UNITED STATES OF AMERICA,
WAR DEPARTMENT,
Washington, May 6, 1935.

I hereby certify that the attached papers are true copies of records of the War Department, as contained in the files of the War Industries Board, on file in the office of the Assistant Secretary of War, Washington, D. C.

HARRY B. JORDAN,
Colonel, Ordnance Department, Custodian of Records, War Industries Board.

I hereby certify that Col. Harry B. Jordan, who signed the foregoing certificate, is the custodian of records of the War Industries Board, and that to his certification as such full faith and credit are and ought to be given.

In testimony whereof I, George H. Dern, Secretary of War, have hereunto caused the seal of the War Department to be affixed and my name to be subscribed by the assistant chief clerk of the said Department, at the city of Washington, this 6th day of May, 1935.

GEO. H. DERN,
Secretary of War.
By F. M. HOADLEY,
Assistant Chief Clerk.

134555—35——21

Meeting of the War Industries Board held Tuesday, May 28, 1918, at 11 A. M., Room 909, C. N. D. Building

Present: Mr. B. M. Baruch, Chairman; Mr. R. S. Brookings; Brig. Gen. Hugh S. Johnson; Mr. Hugh Frayne; Mr. Alex Legge; Judge E. B. Parker; Mr. G. N. Peek; Mr. J. L. Replogle; Mr. L. L. Summers; Mr. H. P. Ingels, Secretary.

Organization—Reading of Minutes.—The minutes of the meeting held Tuesday, May 21st, were read and approved.

Fuel—Coal.—For the information of the Board Mr. Legge stated that there is a shortage of Pocahontas coal from West Virginia due to the increased amount used for bunker coal. He stated that certain steel manufacturers had expressed their willingness to use Kentucky coal in their byproduct plants, providing sufficient tonnage can be delivered, In order to increase production the question
623 was raised as to whether or not it would be practicable to use certain colored troops for mining coal. This was referred to Mr. Legge and Mr. Frayne.

Storage—Cotton Baling.—Memorandum from Mr. James Inglis dated May 17th, together with pamphlet entitled "Improved Methods of Baling Cotton" was submitted. The Board approves the expenditure of $1,000 for the purpose of distributing approximately 20,000 of these pamphlets.

Publicity—Appointment of Mr. Edwin Newdick.—It was moved, duly seconded, and carried that all official statements and other publicity of the War Industries Board will be issued through the Committee on Public Information and that Mr. Edwin Newdick will represent the Committee with the War Industries Board. All inquiries and requests dealing with publicity will be referred to him and he will be admitted to such meetings and conferences as necessary to give him a proper understanding of matters under consideration.

Clearance List—New Business and Additions in Congested
624 *Area.*—It was recommended and approved that all new business and plant additions to be placed in the congested area north of the Potomac and east of Pittsburgh and Buffalo be put on the Clearance List.

Organization—Resources and Conversion Section.—The Board approves the establishment of a Resources and Conversion Section, Mr. Charles A. Otis, of Cleveland, Ohio, to act as Section Chief.

Gas Warfare Section.—Mr. Summers reported that Officers in charge of this Section are endeavoring to have certain of his men commissioned and inducted into the service in connection with the Gas Warfare Section. He also called the Board's attention to the

fact that this Section is negotiating and entering into contracts independent of this Board. The matter was referred to General Johnson with the understanding that he would issue the necessary orders to insure the proper cooperation of this Section with the War Industries Board.

Emergency Construction.—The following recommendations from the Committee on Emergency Construction were submitted:

1. Extension to Water Pumping Plant at Ft. Bliss, Texas. Contractor: Jennings Construction & Engineering Co., El Paso, Texas.

625 2. Concrete Building for Bureau of Mines At American University, Washington, D. C. Contractor: The Weller Construction Company, Washington, D. C.

These recommendations were approved by the Board with the understanding that the terms of the contract are in accordance with the general form of emergency contract as previously approved by the Board, also with the understanding that the Board approves the recommendations for contractors only.

Price Fixing.—Attention of the Board was called to the probable differences in rulings of the Price Fixing Committee and the Board of Appraisers of the War Department now operating under the direction of the Surveyor General of Purchases. If a manufacturer or producer refuses to deliver his product to the Government at prices fixed by the Price Fixing Committee and the product is commandeered, under the present arrangements it is the function of the Board of Appraisers to determine a fair and just compensation. Considering the demoralizing effect that would result from having the Board of Appraisers fix prices different from those fixed by the Price Fixing Committee, Mr. Brookings was requested to discuss with General Johnson the advisability of—

1. Having the Board of Appraisers work with the Price Fixing Committee, or

2. To have the Price Fixing Committee take over the work now being done by the Board of Appraisers.

626 *Fuel—Roberts Coke Oven.*—Mr Baruch called attention to the President's letter of May 24th regarding utilization of the Roberts Coke Oven. General Johnson was requested to have the Ordnance Department hold up pending contracts covering byproducts ovens until after the investigation of the Roberts Coke Oven is completed.

Steel.—Mr. Replogle reported the results of his interview held in New York with the Subcommittee of the American Iron & Steel Institute. This interview resulted in the following conclusions, which were concurred in by the Members of the Subcommittee with the exception of Mr. Farrell:

Mr. Replogle presented a statement of the Government requirements for itself and Allies in various grades of steel as being the tonnages necessary to be shipped during the balance of the year 1918, 34 weeks. The following conclusions were agreed to:

1. The required shipments of plates, shell steel, and rails, as presented by Mr. Replogle, cannot be made. While there is sufficient ingot capacity in the country to do this, there is not the necessary rolling capacity.

2. The Subcommittee undertakes immediately to take all practicable steps to increase to the maximum possible the weekly shipments of plates, shell steel, and rails by curtailing production of other grades and by such other means as are at its command.

3. Mr. Replogle will endeavor to analyze the requirements of plates, shell steel, and rails with the view of determining the absolute necessary weekly shipments required for the various uses. It is hoped that this analysis may reduce the apparent shortage in these grades (which now seem to exist).

4. In other forms of steel there does not seem reason to anticipate that the governmental requirements will not be met.

627 It was recommended that no definite action be taken by the Board until after the meeting of the American Iron & Steel Institute to be held in New York on May 30 and 31 and June 1st.

In order to assist the Steel Administrator in determining the actual requirements of shell bars, General Johnson was requested to have the Ordnance Department submit a schedule to the Steel Administrator showing the actual monthly tonnage requirements at each of the forging plants.

Contracts.—In order to better control the construction of manufacturing facilities it was moved, duly seconded, and approved that the following clauses be added to all future contracts placed by the Governmental Departments:

> It is understood that the bidder has adequate *present* plant facilities for the manufacture and delivery of this material within the time promised if awarded contract.
>
> If additional facilities or equipment are necessary, or the bidder will require a priority certificate or aid in securing equipment, the facts will be stated in proposal.

It is understood that such a clause is now being inserted in the Navy Department contracts. The Secretary was instructed to advise the Surveyor General of Purchases of this ruling.

Meeting adjourned at 12:55 P. M.

(sgd.) H. P. Ingels, *Secretary.*

628 **Meeting of the War Industries Board, Thursday, May 29, 11 A. M., Room 909, C. N. D. Building**

Present: Mr. B. M. Baruch, Chairman; Admiral F. F. Fletcher; Brig. Gen. Hugh S. Johnson; Mr. Hugh Frayne; Mr. Alex Legge; Judge E. B. Parker; Mr. G. N. Peek; Mr. J. L. Replogle; Mr. L. L. Summers; Mr. H. P. Ingels, Secretary.

Organization—Reading of Minutes.—Minutes of the meeting held Tuesday, May 28th, were read and approved.

Wool—Government Control of South American Wool.—Attention was called to the enormous requirements of the Government for wool. Mr. Peek suggested to the Board the advisability of the Government controlling the South American Wool. It was thought advisable to have Mr. Chandler Anderson take this up with the Department of State. This was referred to Mr. Peek with the understanding that after taking the matter up with Mr. Anderson he will take such action as he deems advisable.

629 *Clearance List.*—The revised clearance list dated May 29th was submitted and approved by the Board.

Organization—Clearance Committee.—The Secretary was instructed to address a letter to the Secretary of the Treasury request-

ing his Department to appoint a representative on the Clearance Committee of the War Industries Board.

Publicity—American Institute of Architects.—Mr. Hugh Frayne was requested to be present in New York City on June 14th at the meeting of the American Institute of Architects, and as a representative of the War Industries Board give a talk on "The position of the War Industries Board regarding Building Construction during the War."

Organization.—In order to expedite the business to be transacted at the regular meetings of the Board the Secretary was instructed to prepare a list of the subjects to be discussed at each meeting and place a copy of the same on the desks of each member on the morning that the meetings are to be held.

Steel—Blast Furnace for Crucible Steel Company of America.—Mr. Replogle called the Board's attention to the proposed construction of a blast furnace at Midland, Pa., by the Crucible Steel
630 Company of America. The Board approves the construction of this furnace with the understanding from Mr. Replogle that the necessary byproduct plant will be built with it, and with the further understanding that it will relieve the congestion, so far as the production and distribution of pig iron is concerned.

Special Meeting.—Mr. Baruch invited the members to come to his office at 5 o'clock this afternoon to meet Sir W. M. Hughes, Prime Minister of the Commonwealth of Australia.

Meeting adjourned at 12:55 P. M.

(sgd) H. P. INGELS, *Secretary.*

631 **Meeting of the War Industries Board, Thursday, May 30th, 11 A. M., Room 909, C. N. D. Building**

Present: Mr. B. M. Baruch, Chairman; Mr. R. S. Brookings; Admiral F. F. Fletcher; Mr. Hugh Frayne; Mr. Alex Legge; Judge E. B. Parker; Mr. G. N. Peek; Mr. L. L. Summers; Mr. H. P. Ingels, Secretary.

Organization—Reading of Minutes.—Minutes of the meeting held May 29th were read and approved.

Non-War Activities.—There was an open discussion regarding the probable necessary curtailment of industries resulting from the necessity of giving priority to the Government's requirements. Attention was called to the fact that no reply has been received from Mr. Hurley to the Chairman's letter to him of May 13th in which letter Mr. Hurley was asked for a statement as to whether or not he believes there will be a production of materials in excess of the shipping facilities. Attention was also called to letters of May 22nd addressed to Secretary of the Navy; Mr. J. S. Williams, Railroad Administration; Gen. Hugh S. Johnson, of the Army; Mr.
632 E. N. Hurley, of the Shipping Board, asking that a restudy of steel requirements be made. It is understood that Mr. Baruch will address a letter to Mr. Hurley regarding his letter of May 13th and also follow up the letters of May 22nd.

Organization—Construction Section.—Judge Parker read his memorandum regarding the organization of the Emergency Construction Section to succeed the present Emergency Construction

Committee. The Board approved the plan as outlined (copy of which follows), with the understanding that no announcement will be made until it is decided who shall act as Chief of the Section:

This section is the successor of the Committee on Emergency Construction of the General Munitions Board and later of the War Industries Board. Speaking generally, its functions are to coordinate the activities of all departments and agencies of the Government in building and construction work of every kind save shipbuilding. Specifically it will undertake to advise with all departments and agencies of the Government undertaking building construction with respect to:

(1) The location of the proposed new building or facilities with special reference to transportation service, power supply, labor supply, available building materials, and extent of interference, if any, with other Government construction and with war industries.

(2) The selection and specifications of materials most available to avoid long transportation hauls, especially through or into congested districts, and to avoid conflicts with other war industries.

(3) The adoption of contract forms and provisions to insure uniformity and consistency in all Government building activities.

633 (4) To compile, and from time to time revise, lists of all responsible contractors throughout the United States equipped to undertake construction work of any character and to recommend a reliable, responsible, and experienced contractor or contractors to undertake any construction operation, if so requested. (Change—see Judge Parker.)

This section will not undertake to either prepare plans or approve plans made by others, or to make estimates, to pass upon units of cost, to make or approve contracts, or to select architects, although it will, when specifically requested so to do, recommend an architect or architects to the Department interested.

The Construction Section of the War Department, the Navy Department, the Emergency Fleet Corporation (Housing Department), and the Bureau of Housing of the Labor Department will each designate a representative to meet with this Section to consider questions and requirements coming before it, on call of the Section Chief (Colonel Starrett?). All matters referred to this Section will be considered and the business conducted according to the rules and regulations governing commodity sections.

Shells—12-Inch.—Attention was called to the memorandum from the Production Division of the Ordnance Department dated May 27th proposing to place an order with the Detroit Pressed Steel Company for 12-inch shells, the order involving the expenditure of $4,200,000 for plant and equipment. This was referred to Mr. Peek to take such action as he deems advisable.

Publicity.—There was an open discussion as to the advisability of beginning an Educational Publicity Campaign regarding the War Industries Board and its activities, also as to whether or not it would be advisable to give out some general information apprising the American manufacturers of the fact that the increased de-
634 mands of the Government for war purposes will no doubt result in the curtailment of nonwar industries, due to the fact that they will not be able to secure raw materials. No action was taken.

Control of Industries—Turbines: The Board approved the placing of steam turbines and auxiliaries on the control list in accordance with the plan dated May 27th as covered by Mr. Robbins' letter to Mr. Peek together with Exhibits A. B, C, D, E, F, and G, dated May 27th and approved by Mr. Peek.

The meeting adjourned at 1:30 P. M. to reconvene at 3:15 P. M.

(sgd.) H. P. INGELS, *Secretary.*

615 **Meeting of the War Industries Board, Thursday, May 30th, 3:15 P. M., Room 909, C. N. D. Bldg.**

Present: Mr. Baruch, Chairman; Mr. Frayne; Mr. Legge; Judge Parker; Mr. Peek; Mr. Summers; Mr. Ingels, Secretary.

Non-War Activities—Curtailment of Industries.—Judge Parker called the Board's attention to the communication that he received from the Refrigerator Manufacturers requesting a hearing before the Board. It was the opinion of the Board that they should be granted this privilege, Judge Parker to advise them as to when it will be convenient to have them come. It was also deemed advisable to have a meeting with representatives of the Talking Machine Industry for the purpose of explaining to them that the Government's demands will necessarily receive priority, so that in planning future production they may be governed accordingly. It was agreed that Mr. Legge should supervise all hearings with representatives of the various industries and he to call in such help as he deems necessary. Whenever it is desired to have an industry meeting with representatives of the Board the invitation will be sent out over Mr. Baruch's signature.

616 *Organization.*—The Board approves the creation of a Medical Industry Section with Dr. F. F. Simpson as Section Chief. The Secretary was instructed to so advise Dr. Simpson and request that he confer with Mr. Summers as to the scope of activities of this section.

Organization—Rubber Section.—After some discussion it was agreed that Mr. Peek would invite Mr. Emmett A. Saunders, of New York City, to act as advisor to the Chief of a Section on Rubber.

Organization—Section on Ordnance Forgings, Machining, and Small Arms.—The Board approves the creation of this Section with Mr. Samuel P. Bush, of the Buckeye Steel Castings Company, of Columbus, Ohio, as Chief.

Organization—Special Advisor on Plants and Munitions.—The Board approves the recommendation that Mr. S. M. Vauclain be appointed as Special Advisor on Plants and Munitions.

Railway Equipment.—For the information of the Board Mr. Baruch advised that all matters pertaining to the purchase of locomotives and cars should be referred to Mr. John Skelton Williams, Director of Finance and Purchases, Railroad Administration.

Organization—War Industries Board.—The following order establishing the War Industries Board as a separate Administrative Agency was issued from the White House under date of May 28th, 1918:

63[illegible]

EXECUTIVE ORDER

hereby establish the War Industries Board as a separate administrative agency to act for me and under my direction. This is the Board which was originally formed by, and subsidiary to, the Council of National Defense under the provisions of "An Act Making Appropriations for the Support of the Army for the Fiscal Year Ending June 30, 1917, and for other purposes", approved August 29, 1916.

The functions, duties, and powers of the War Industries Board, as outlined in my letter of March 4, 1918, to Bernard M. Baruch, Esquire, its Chairman, shall be and hereby are continued in full force and effect.

(Signed) WOODROW WILSON.

THE WHITE HOUSE, *28 May 1918.*

Organization—Cotton Linters Division.—The attached plan of organization of a Cotton Linters Division of the Cotton & Cotton Products Section, signed by Mr. George R. James, was submitted to and approved by the Board, subject to the approval of Mr. Legge.

The meeting adjourned at 6:25 P. M.

(sgd.) H. P. INGELS, *Secretary.*

PLAN OF ORGANIZATION, COTTON LINTERS DIVISION OF THE COTTON AND COTTON PRODUCTS SECTION OF THE WAR INDUSTRIES BOARD

FUNCTION

This Division to have jurisdiction over:

(a) Cotton linters, hull fibre, and cotton-mill waste, and such substitutes as exist now or may be developed later, forming the raw material used in producing cellulose for nitration and use in the manufacture of explosives, and also used in "other industries."

(b) Bleached cotton products which form a semiraw material for cellulose for nitration and use in other industries either directly or indirectly connected with the government requirements in conducting the war.

JURISDICTION

Outlined in more or less detail as follows:

1. Maintaining complete records of actual and estimated requirements in these commodities of—

(a) Government Explosive Factories under direction of the Army.

(b) Government Explosive Factories under direction of the Navy.

(c) So-called "Independent" Explosive Factories furnishing their product to the U. S. Government or the Allies.

(d) Allied Government requirements.

(e) Other Government and Allies' requirements in these commodities used in other than explosive products, i. e., Quartermaster, Marine Corps, Aircraft, Shipping, Medical, and other Departments.

(f) Red Cross and Hospital Supplies.

(g) Mattress and other Industries using these commodities in ordinary course of business relating either to conducting the war activities or the civilian necessities or luxuries.

(2) Maintaining complete records of available supplies and estimates of normal and possible production, to ascertain amongst other things the existence of any shortage or possible shortage of materials.

(3) The creation of new facilities and the disclosing, if necessary the opening up, of new or additional sources of supply.

(4) The conversion of existing facilities, where necessary, to new uses.

(5) The studious conservation of resources and facilities by scientific, commercial, and industrial economics.

(6) The determination, wherever necessary, and not inconsistent with the duties of existing priorities organizations, of priorities of production and of delivery, and of the proportions of any given article to be made immediately accessible to the several purchasing agencies when the supply of that article is insufficient, either temporarily or permanently.

(7) Formulating and effectuating policies as to prices determined upon for the United States Government, the American Red Cross, the Allies, and manufacturers using the materials for supplying the needs of the civilian population; where feasible this is to be done by agreement. Determination of advisability of requisitioning or placing compulsory orders.

(8) Bringing together all interested branches of the Government, the Allies' Purchasing Commission, and the manufacturers of explosives, forming one general "Pool" for the equitable distribution of the expense necessarily incurred in financing, buying, inspecting, and shipping the raw and semiraw materials.

(9) Creating, maintaining, and supervising an agency for financing, inspecting, and shipping the raw materials.

(10) Obtaining access to and distribution of supplies and materials through allocation so as to meet the various and varying requirements.

ORGANIZATION

To consist of:

(a) Chairman (This position to be held by the Chief of the Cotton and Cotton Products Section of the War Industries Board), who shall have general authority and supervision of all policies and arrangements and preside at all meetings of the Division.

(b) A representative of the Army (in the person of ——— of the ——— Department), who shall be charged with the duty and responsibility of supervision of the raw materials known as "cotton linters" and "hull fibre." He to have such assistance as may be necessary to look after the production, sources of supply, stocks on hand and as produced, the distribution (allocation) of the supply to meet the various and varying requirements.

(c) A member of the Division, in the person of ———, who shall be charged with the duty and responsibility of looking after the cotton-mill waste situation in its many angles—securing the records of supply and demand, pre-war and present market prices, and generally assisting the Division in seeing how far this product will go toward supplying the needs of those industries affected by war demands for cotton linters and hull fibre, and also in reaching a determination as to the advisability of formulating and effectuating policies concerning the control of price of this commodity. He to have such clerical and other assistance as may be necessary to meet the developments of this feature of the Division.

(d) A representative of the Navy (in the person of ——— of the ——— Department), who shall be charged with the duty and responsibility of supervising the bleached products and the bleaching industry, handling the requirements of the various organizations using bleached materials in connection with the army representative (b) in allocating the raw materials to the bleachers, distributing the bleached product to the powder plants using bleached material, and to the Allies for export. In conjunction with other members of the Division, determining a just, fair, and satisfactory fee or price to be paid the bleachers over and above the price of the raw materials, in compensation for the service rendered. He to have such clerical and other assistance as may be necessary to meet the developments of this feature of the division.

(e) A representative of the Government Agency used in financing, buying, inspecting, and shipping of raw materials.

(f) Adding representatives of any other branch of government service if such action becomes desirable or necessary.

HEADQUARTERS

The entire personnel of the Division shall be housed with the Chief of the Cotton and Cotton Products Section of the War Industries Board.

OPERATIONS

The Division as a whole shall pass upon all questions of policy and shall be unanimous when offering any suggestions or recommendations to the War Industries Board, Price Fixing Committee, the Priorities Committee, any branch of the government service, or the industries that may be affected by its actions.

POWERS

All actions of the Division shall be subject to the approval of the Chairman of the War Industries Board.

FINANCING

Buying, Inspecting, and Shipping Raw Materials: The Division shall utilize or create an organization whose functions shall be—

(1) To finance (pay cash) the raw materials at points of production and carry the commodity until delivery shall have been made in accordance with the allocation instructions issued by the Division to either.

a) Government or independent powder plants using the material in its raw state;

b) Designated Bleaching plants holding allocated orders for bleached semi-raw materials;

(*c*) Designated storage warehouses (wherever storage of a reserve or surplus stock may be deemed advisable).

(*d*) Port of export when allocations shall have been made in requirements made through the Allies Purchasing Commission for export.

(*e*) Delivery on allocations to "other industries."

(2) To pay all inspection charges, including freight, freight taxes—if any—insurance, and other necessary items of expense incurred in securing the raw materials at points of production or storage and delivery as outlined above (1).

(3) Maintain a competent force for proper accounting and for acting as financial agents and accounts for the "Pool." Books and records at all times to be open to inspection or under control of the Division.

(4) All expenses connected with the financing, buying, inspecting, shipping, etc., of the raw materials to be considered as a whole and for the account of the "Pool."

(5) Distributing the expenses at stated periods among the ultimate consumers of the raw material pro rata—on a per bale basis—in accordance with the allocated deliveries.

(6) Compensation to the agencies performing the services under items Nos. (1), (2), (3), (4), and (5), in financing, buying, inspecting, shipping, etc., of raw material to be made on a per bale basis to be arranged by the "Division" and the Agency; said compensation not to exceed actual disbursements, including interest at the rate of six percent (6%) per annum, on money necessarily borrowed or advanced, plus a maximum fee of five per cent (5%) of the amount of such disbursements.

(7) No compensation, brokerage, or commissions to be paid other than indicated above.

REQUIREMENTS AND PROCUREMENTS

All branches of the Government, the Allies Purchasing Commission, Powder Manufacturers, and other industries requiring or using the materials that are under the jurisdiction of this Division, shall submit to the Division records of all contracts, purchases, and deliveries and all requirements and estimated requirements so that proper allocation and distribution may be provided for.

PRICES

(1) The general maximum price for cotton linters (for munition purposes) has been determined upon by the Price Fixing Committee at $4.67 per hundred pounds f. o. b. points of production, to apply on all linters on hand May 2, 1918, and to be produced until August 1, 1919. Because of the fact that in the usual course of business many of the cottonseed oil mills—producers of cotton linters, prior to May 2, 1918, manufactured special high grade linters for use in mattress and other industries, an adjustment of price on account of actual value of the high grade linters should be made; therefore, all such linters not voluntarily sold to the Government Agency as munition linters at the fixed price of $4.67 per cwt. f. o. b. points of production should be commandeered. In this way owners of all such linters will have an opportunity to obtain reasonable value in each case which should be excluded from the general price of $4.67.

(2) Price on hull fibre, cotton mill waste, and any substitute for linters to be determined upon by agreement, if possible. If such agreement cannot be reached, then this Division shall make such necessary investigations as will enable it to present a recommended price to the Price Fixing Committee for its action.

COMMANDEERING

Where necessary to commandeer stocks of linters, hull fibre, or substitute commodities as raw materials for explosive purposes, any necessary action will be taken under the supervision of the Army or Navy Representative members of the Division and pursuant to the authority of the President exercised in the first instance through the Ordnance Department of the War Department or such other appropriate department as may be advisable.

The formation of this "Plan of Organization, Action, and Procedure" is predicated upon the following statements of requirements and production, indicating a very serious impending shortage in cotton linters, which will doubtless be developed within the next six to twelve months.

ESTIMATED REQUIREMENTS IN COTTON LINTERS.

(a) Submitted by Ordnance Department as per memorandum of Lt. Col. Spruance dated February 13, 1918. Showing 1919 linter requirements 850,000,000 pounds.

(b) Submitted by Allies Purchasing Commission as per memorandum of Mr. J. A. Carr, April 25, 1918. Showing May 1, 1918, to May 1, 1919, linter requirements of the Allies 241,600,000 pounds. This gives a total of 1,091,600,000 pounds without considering other branches of Government service requiring a comparatively small quantity of the commodity, but which would bring the requirements up to approximately 1,100,000,000 pounds.

SUPPLY

Present supply of linters on hand and produced to date slightly in excess of requirements for immediate use or before the 1918–1919 cottonseed-crushing season begins August 1, 1918.

Past production (figures from memorandum of Lt. Col. Spruance February 14, 1918, shown by seasons):

	Pounds
1913–14, produced	330,000,000
1914–15, produced	410,000,000
1915–16, produced	445,000,000
1916–17, produced	665,000,000
1917–18, estimated	550,000,000

The average season's or yearly production being less than one-half of the prospective requirements.

These and other facts developed by the investigation and inquiries made through the Cotton Linters Division of the Cotton and Cotton Products Section of the War Industries Board warrant the United States Government authorities in securing absolute control of the entire commodity and requiring close cooperation and coordination of the various branches of the service using cotton linters.

The War and Navy Departments would assume the responsibility for the purchase of the entire existing stock and the supply of linters to be produced during the 1918–19 cottonseed-crushing season, ending August 1, 1919; would authorize and command the War Industries Board, through the Chief of the Cotton and Cotton Products Section, to accept delivery thereof or to direct the disposition thereof on such terms and conditions as it deemed necessary, including the disposition of any surplus which might be developed and which might be sold by said Departments.

This "Plan of Organization, Action, and Procedure" is submitted for the approval of the Chairman of the War Industries Board, the Secretary of War, and the Secretary of the Navy.

Respectfully,

(Signed) GEO. R. JAMES,
Chief Cotton and Cotton Products Section,
War Industries Board.

638 **Meeting of the War Industries Board held Tuesday, June 4th, 1918, 11 A. M., Room 909, C. N. D. Bldg.**

Present: Mr. B. M. Baruch, Chairman; Mr. R. S. Brookings; Admiral F. F. Fletcher; Brig. Gen. Hugh S. Johnson; Mr. Hugh Frayne; Mr. Alex Legge; Judge E. B. Parker; Mr. G. N. Peek; Mr. J. L. Replogle; Mr. L. L. Summers; also Mr. Albert C. Ritchie.

Organization—Reading of the Minutes.—The minutes of the meetings held Thursday, May 30, at 11:00 A. M. and 3:15 P. M., were read and approved.

Labor.—Admiral Fletcher called attention to the difference in scale of wages being paid by the Shipping Board and other Departments of the Government, which is resulting in competition for labor.

Mr. Frayne stated that he was working with Mr. Felix Frankfurter towards the establishment of a uniform rate and would report to the Board within a few days their results.

639 *Rubber.*—Judge Parker stated that a Committee representing the manufacturers of rubber goods had requested a hearing in order that they may present their claim for preferential treatment. It was decided to defer this hearing until after the appointment of a Chief of the Rubber Section.

Curtailment of Industries—Refrigerator Industry.—For the information of the Board, Judge Parker stated that he had arranged to hear the Refrigerator Manufacturers on June 5th at 10:00 A. M. It was suggested that inasmuch as the manufacturers are endeavoring to secure a supply of galvanized sheets, that Mr. Replogle should attend this meeting, also Mr. Yeatman should be present to discuss the probable substitution of zinc sheets instead of galvanized sheets for refrigerator linings.

Curtailment of Industries—Box Board Industry.—For the information of the Board, Judge Parker stated that arrangements had been made to have a hearing at 3:00 P. M. June 5th in order for the Box Board Manufacturers to present their claim for preferential treatment. The Secretary was instructed to request Mr. Colver, of the Federal Trade Commission, to be present at this meeting.

640 *Curtailment of Industries—Manufacture of Lime.*—Judge Parker stated that he had arranged a hearing with representatives of the lime manufacturers for 4:00 P. M. June 5th that they may present their claim for preferential treatment.

Steel.—For the information of the Board Mr. Baruch stated that he had written letters to Mr. Hurley, General Johnson, and Mr. Williams of the Railroad Administration, copies of which letters are attached hereto, requesting that they make a restudy of their steel requirements.

MAY 31, 1918.

Mr. JOHN SKELTON WILLIAMS,
U. S. Railroad Administration, Washington, D. C.

DEAR SIR: Without being too insistent, may I press you for as early reply as possible to our letter of May 22nd.

Owing to the large demands of the several Departments for steel products it will be necessary to shut down some of the industries of the country. We feel it important that every Department requiring steel should have due notice of the far-reaching effect of action of this kind, in order that they may restudy their probable requirements, especially as to date of their needs, with a view of avoiding unnecessary accumulation of steel, and in consequence the unnecessary disturbance of the industries of the country.

As the Board must make an early decision upon the matter, we ask that you give us a reply to this as soon as possible.

Yours very truly,
BMB–M

MAY 31, 1918.

Mr. E. N. HURLEY,
Chairman U. S. Shipping Board,
Washington, D. C.

MY DEAR MR. HURLEY: We are without an answer to our letter of May 13th, signed by me as chairman, and the letter of May 22nd, in reference to re-study of your steel requirements.

I have discussed with you from time to time the large demand for steel, and if this demand is to be satisfied it will be necessary to shut down some of the industries of the country. We feel it important that every Department requiring steel should have due notice of the far-reaching effect of action of this

kind, in order that they may re-study their probable requirements, especially as to date of their needs, with a view of avoiding unnecessary accumulation of steel, and in consequence the unnecessary disturbance of the industries of the country.

As the Board must make an early decision upon the matter, we ask that you give us a reply to this as soon as possible.

Yours very truly,

BMB–M

———— ————.

MAY 31, 1918.

Brig. Gen. HUGH S. JOHNSON,
Director of Purchases & Supplies,
War Department, Washington, D. C.

MY DEAR GENERAL: We have not heard from you in reference to our letter of May 22nd.

Owing to the large demand of the several Departments for steel products, it will be necessary to shut down some of the industries of the country. We feel it important that every Department requiring steel should have due notice of the far-reaching effect of action of this kind, in order that they may re-study their probable requirements, especially as to date of their needs, with a view of avoiding unnecessary accumulation of steel and in consequence unnecessary disturbance of the industries of the country.

As the Board must make an early decision upon the matter, we ask that you give us a reply to this as soon as possible.

Very truly yours,

BMB–M

———— ————.

Copy to the Secretary of War.
Copy to Mr. E. R. Stettinius.

641 *Steel—Automobile License Tags.*—Considering the tonnage requirements of steel sheets for the manufacture of automobile license tags, it is the opinion of the Board that some arrangement should be worked out whereby the old tags can be used again. It was moved and duly seconded that the matter be referred to Judge Parker with the understanding that sufficient steel would be furnished to fulfill the balance of the requirements for 1918 but that no steel would be furnished for 1919 tags. Judge Ritchie was requested to look up the statutes of the various states for the purpose of ascertaining if the using of steel tags is compulsory.

Building Construction—Western Union Telegraph Co.—Judge Parker called the Board's attention to the application of the Western Union Telegraph Company for priority to erect a new cable-operating building on Broad Street, New York City. This was referred to Judge Parker with power to act for the Board.

Publicity.—Attention of the Board was called to a convention to be held in Buffalo of the American Drop Forge Association
642 and the Drop Forge Supply Association. This was referred to Mr. Peek with the understanding that he would appoint someone, as representative of the War Industries Board, to address this Convention.

Imports—Kapoc.—The proposed action concerning import of kapoc as outlined in a memorandum of May 31, signed by Mr. Paul T. Cherington, of the United States Shipping Board, and Mr. E. O. Heidrich, Jr., Chief of the Jute, Hemp, and Cordage Section, was approved and referred to Mr. Legge for attention.

Organization—Section on Wood Pulp and its Products.—For the information of the Board Mr. Baruch stated that Mr. W. B. Colver, of the Federal Trade Commission, has been appointed as Chief of a Section on Wood Pulp and Its Products (including newsprint and all grades of paper).

The meeting adjourned at 12:45 P. M.

H. P. INGELS, *Secretary.*

643 Meeting of the War Industries Board held Thursday, June 6, 1918, at 11 A. M., Room 909, C. N. D. Building

Present: Mr. B. M. Baruch, Chairman; Mr. R. S. Brookings; Admiral F. F. Fletcher; Brig. Gen. Hugh S. Johnson; Mr. Alex Legge, Judge E. B. Parker; Mr. G. N. Peek; Mr. J. L. Replogle; Mr. L. L. Summers; Mr. H. P. Ingels, Secretary; also Mr. Albert C. Ritchie.

Organization—Reading of Minutes.—Minutes of the meeting held Tuesday, June 4th, were read and approved.

Steel—Automobile License Tags.—For the information of the Board Judge Parker stated that they had made arrangements to furnish certain rejected sheets for the manufacture of automobile license tags for the state of New York, and that no doubt the other requirements can be taken care of in the same manner.

644 *Power.*—In order to get some definite action towards relieving the power situation, Mr. Ritchie was requested to keep in touch with the status of the proposed Power Bill, No. 4359, which is now up for passage. Before doing this it was suggested that he confer with Mr. Bulkley.

Explosives—Held in storage at the various plants.—Memorandum from Mr. Summers, dated June 5th, calling attention to the large amount of explosives now held in storage at various plants, was submitted. It was recommended in this memorandum that the Army, Navy, and the Allies cooperate in order to avoid the holding in storage large quantities of explosives at the plants. Mr. Legge called attention to the large explosive storage facilities that are to be built near Wilmington at a cost of $11,000,000. This matter was referred to Admiral Fletcher, General Johnson, and Mr. Summers, with power to act, with the request that they report such action back to the Board.

Congested District.—After considering the necessity of reviewing all contracts, both direct and indirect, placed within the congested district, it was recommended by Mr. Peek and unanimously approved by the Board, that Mr. Otis be requested to gather together the information now in Judge Parker's Division regarding contracts
645 placed within the congested district by the Army, Navy, and Emergency Fleet, and all Governmental agencies and a great many of the indirect contracts, and that representatives of the different Government Departments be appointed to confer with his Section, with the idea of taking the matter up with the men in charge of Regional Offices for the purpose of securing definite recommendations as to what contracts can best be removed to other Districts from the congested area, and what new facilities can be suspended.

Meeting adjourned at 12:15 P. M. to reconvene at 2:30 P. M.

H. P. INGELS, *Secretary.*

643 Meeting of the War Industries Board held Thursday, June 6, 1919, at 2:30 P. M., Room 909, in C. N. D. Building

Present: Mr. B. M. Baruch, Chairman; Mr. Alex Legge; Judge E. B. Parker; Mr. G. N. Peek; Mr. J. L. Replogle; Mr. H. P. Ingles, Secretary; also Mr. Albert C. Ritchie.

Inter-Allied Munitions Council.—For the information of the Board Mr. Baruch stated that it is now planned to organize a permanent Munitions Council in Paris to be known as the Inter-Allied Munitions Council, proposed plan of organization to be in accordance with the memorandum dated Paris, June 4, 1918, addressed to the Secretary of State and signed "Sharp."

Steel (Distribution of).—After giving careful consideration to the information submitted by Mr. J. L. Replogle, Steel Administrator, covering the total requirements of steel to be used for war purposes by our own Government and by our Allies, and after considering the production capacity of this country, it was decided that all iron and steel products will be distributed in accordance with the following resolution which is unanimously approved by the Board and effective at once:

644 Whereas a careful study of the sources of supply in connection with the present and rapidly increasing direct and indirect war requirements for iron and steel products has convinced the War Industries Board of the necessity for (1) a strict conservation of the available supply of iron and steel products, on the one hand; and (2) the expansion of existing sources and development of new sources of supply of iron and steel products, on the other hand; and

Whereas as the producers of iron and of iron and steel products in the main concur in this conclusion reached by the said Board and have expressed their willingness to whole-heartedly cooperate with the said Board in its efforts to provide for promptly meeting the direct and indirect war requirements of the United States and its Allies for iron and steel products:

Now therefore, it is understood and agreed by the Committee on Steel and Steel Products of the American Iron and Steel Institute and the War Industries Board that no pig iron or steel-manufactured products shall be shipped or delivered, except as follows:

1) By priority certificates issued by the Priorities Division of the War Industries Board; or

2) After priority certificates shall have been issued for or filled, then producers of pig iron and of steel manufactured products may utilize such raw materials and manufacturing capacity, if any, as they may have available to fill orders of their customers not covered by priority certificates, provided such orders are embraced within the schedule of purpose entitled to preference treatment as determined by the Priorities Board as follows:

Ships, Including destroyers and submarine chasers.

Aircraft.

Munitions, military and naval supplies and operations: Building construction for Government needs. Equipment for same (Including all necessary raw materials).

Fuel: Domestic consumption. Manufacturing necessities named herein. Foodstuffs for human consumption and plants for handling same. Feeding stuffs for domestic fowls and animals, and plants handling same. (Partially manufactured parts and supplies for completion of products.)

Food and collateral industries: All tools, utensils, implements, machinery, and equipment required for production, harvesting, and distribution, milling, preparing, canning, and refining Foods and Feeds, such as seeds of Foods and Feeds, binder twine, etc. Products of collateral industries, such as Fertilizer, Fertilizer ingredients, insecticides and fungicides. Containers for Foods and Feeds, collateral products. Materials and equipment for preservation of Foods and Feeds, such as Ammonia and other refrigeration supplies, including ice.

Clothing: For civilian population.

Railroad Or other necessary transportation equipment, including water transportation.

Public utilities Serving war industries, Army, Navy, and Civilian population.

Provided, however, whenever the Priorities Board shall have promulgated and certified for observance to the producers of pig iron, and steel manu-
649 factured products, a revised preference list, no surplus material or capacity after filling or providing for all orders covered by priority certificates shall be used to fill nonpriority orders save such as are placed by industries or plants embraced within such preference list; and

Provided further, that each producer of pig iron and of steel manufactured products shall at the end of each week, ending with midnight Saturday thereof, prepare and forward to the Director of Steel Supply of the War Industries Board a detailed statement of all shipments made during such week not covered by priority certificates; Be it further

Resolved, That should any producer of pig iron or steel manufactured products have any surplus war material or manufacturing capacity after filling (a) all orders covered by priority certificates and (b) all orders embraced within the schedule of purposes entitled to preference treatment or placed by industries or plants embraced within the revised preference list, after it shall have been promulgated and certified by the Priorities Board, then in such event such surplus materials or capacity may be disposed of by such producer or manufacturer to other customers subject to the approval in writing of the Director of Steel Supply first had and obtained; Be it further

Resolved, That the Director of Steel Supply and a committee appointed by the American Iron and Steel Institute shall jointly make a careful study of the present and prospective iron and steel requirements of each and
650 every department and agency of the Government of the United States and of its Allies, and the capacity of the iron producing and steel manufacturing plants of the United States to meet such requirements and present to this Board as early as practicable (1) a report of their findings together with (2) recommendations of measures, if any, which should be taken to stimulate and increase the production of iron and of iron and steel products in order to meet the direct and indirect war requirements and the demands of industries of exceptional or national importance.

It was decided to issue the following announcement to the press covering this action of the Board. It is further understood that Mr. Replogle will send a copy of this resolution, together with an explanatory statement from him, to each of the steel manufacturers.

JUNE 6, 1918.

Mr. Bernard M. Baruch, Chairman of the War Industries Board, in authorizing the publication of the accompanying resolution of that Board, embodying an agreement with the American Iron & Steel Institute, stated that (while the resolution speaks for itself and does not require any explanation), the purpose of the Board in taking this action was to insure the direct and indirect war requirements of the United States and its Allies being fully met, after which whatever surplus production there may be shall be equitably distributed among the industries not engaged in war work.

Steel Plates for Canada.—Mr. Replogle stated that the Canadian requirement for ship plates and locomotive construction is 2,000 tons per week. Judge Parker reported the result of his interview with the representatives of the Canadian Mission. Mr. Jones and Mr. Harris of the Canadian Mission were invited into the meeting.

651 Mr. Jones stated that present requirements for ship plates alone are at the rate of 100,000 tons per year and at the present time six yards are down, due to lack of ship plates. He also stated that he would furnish Mr. Replogle with detailed estimates of the requirements for each of the Canadian shipyards. Mr. Baruch advised them that while no definite promises could be made, they could rest assured that they would receive all the plates that could possibly be allocated to them. He further urged that in order to relieve the

shortage in motive power, they make use of the Russian locomotives which are now being held.

The meeting adjourned at 4:50 P. M.

H. P. INGELS, *Secretary.*

Meeting of the War Industries Board held Tuesday, June 11th, 1918, at 11 A. M., in Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Admiral Fletcher; General Johnson; Mr. Brookings; Mr. Frayne; Mr. Legge; Judge Parker; Mr. Replogle; Mr. Summers; Judge Ritchie; Mr. Ingels, Secretary.

Organization—Reading of the Minutes.—The minutes of the meeting held Thursday, June 6th, 1918, at 11:00 A. M. and 2:30 P. M. were read and approved.

Shells—155-m/m.—In discussing the proposed contract to be placed with the Chicago Symington Corporation, which involves the construction and equipment of an entirely new plant at Chicago, attention was called to the fact that negotiations regarding this contract were practically closed before being brought to the attention of this Board, also that there were other negotiations well under way for similar contracts. This was referred to General Johnson with the understanding that he would investigate and report back to the Board at the meeting to be held Thursday, June 13th.

Curtailment of Industries—Talking-Machine Industry.—In discussing the advisability of inviting representatives of the Talking-
machine Industry to meet with the members of the Board
653 it was decided that Mr. Legge would take this matter up with Mr. Wooley to find out if his Committee prefers to hold this meeting.

Storage Committee.—Based on the understanding from Colonel Wells that his division is well equipped to handle the storage problem, and has no further need for the services of our Storage Committee, it was decided to discontinue the Storage Committee of the War Industries Board. Judge Ritchie was requested to address the proper letter of thanks to the Chairman of this Committee, same to be signed by the Secretary.

Steel Requirements.—(a) Ford Motor Company: Considering the requirements of the Ford Motor Company in order that they may work up their inventory, it was decided that the best policy would be to ration such consumers of steel for thirty-day periods, that in doing this careful study must be made in order to avoid discrimination. This matter was left to the judgment of the Steel Administrator, Mr. Replogle.

(b) In order to more intelligently consider the distribution of steel, Mr. Replogle was requested to obtain from the American Iron & Steel Institute the list showing the percentage of the total production of steel consumed by each industry. It was understood at the recent meeting with the representatives of the American Iron &
Steel Institute that this list would be furnished.
654 (c) For the information of the Board, Mr. Replogle stated that he expected to have figures within the next week from the Army showing the tonnage requirements at each of the forge plants.

Curtailment of Industries (Pooling of Production).—In discussing the advantages that would obtain if the production of certain materials within the congested district could be pooled, especially in instances where the supply within the district exceeds the demand, Judge Parker called the Board's attention to the situation as pertains to the Cement Industry and others. Before taking any action, Judge Ritchie was requested to take this question up with the Attorney General to find out if the present laws will permit such pooling.

Steel—Construction of Blast Furnaces at St. Louis.—Mr. Replogle called the Board's attention to the proposed construction of two blast furnaces at St. Louis by the Mississippi Valley Iron Company. This construction was approved with the understanding that the necessary batteries of byproduct coke ovens will be included in the installation.

Steel—Proposed Construction of Blast Furnaces at Guernsey, Wyoming.—Mr. Replogle submitted to the Board a letter regarding the proposed construction of 500-ton blast furnaces at Guernsey,
Wyoming. In view of the fact that this would require finan-
655 cial assistance from the Government, it was suggested that Mr. Replogle advise the interested parties to take this matter up with the War Finance Corporation, with the understanding that he would express the Board's attitude as being favorable to increasing the production of pig iron, at the same time making it perfectly plain that the War Industries Board makes no recommendations either one way or the other as to the soundness of the investment.

The meeting adjourned at 12:05 P. M.

H. P. INGELS, *Secretary.*

(Original in Mr. Baruch's file)

Special Meeting of the War Industries Board, June 12th

Present: Mr. Baruch presided, Mr. Hoover, Mr. McCormick, Mr. Perkins, Mr. Summers, Mr. Brookings, Mr. Frayne, Judge Parker, Mr. Replogle, Mr. Legge, Mr. Anderson, General Johnson.

Mr. HOOVER. We are proposing that these committees be made up of representatives from all departments. The cereal executive is mostly British. Most all of the cereals are bought by British agencies, and while the French and Italians are represented they have not a full voice. They want us to see that it is divided equally. British stocks have increased, whereas the others have all decreased considerably. That is the belief of the Italian and French.

Mr. REPLOGLE. In our negotiations we can see a little of that, too.

Mr. MCCORMICK. Mr. Stevens has just come over here to urge that upon our Government. He is afraid in giving all of them the power exercised now by your Nitrate executive, the whole scheme might be endangered. We feel we should have the Committee Mr. Hoover suggested, and should go further and really be an active executive for the Nation. I do not think in our recommendation to the President we should stop half-way.

Mr. HOOVER. We have to go the full limit. The situation in Europe is a plea for a program committee. I do not see any paper program in wool that is going to get you anything. We must set up a definite body with responsibility to execute that program. The manner in which they do it they can work out themselves.

Judge PARKER. It is your idea that representatives who go over there should not only make a program but should execute it?

Mr. HOOVER. Provide machinery for its execution. We have fallen down on tin because there is no responsibility for carrying it out.

Mr. LEGGE. How about the purchases in each of the countries, then? You would not propose a food administrator of this country to pass to some other body the right to decide what you should do in the interests of your own country?

Mr. HOOVER. No.

Mr. MCCORMICK. The jurisdiction of each administrator should cover these matters.

(Mr. Hoover read the latest plan which he has had made up.)

Mr. MCCORMICK. I think the foods grown here should be absolutely under the control of the Food Administrator of the United States. No nation would give away that right.

Judge PARKER. Is it true that you are interested in things that run short? In order to conserve shipping, it may be desirable to draw from one source where the commodity as a whole is not short.

Mr. HOOVER. I do not think it is necessary to lay down any principle. The commodities themselves determine that.

Mr. BARUCH. If we carry out this point, we proceed with our agreements just the same.

Mr. MCCORMICK. Through our import and export organization they have come to us and asked us to appoint someone on the various executives. They have simply been acting until some definite plan which you worked out is consummated. Our men have been there and have been utilized. We recognize that raw material commodities belong under the War Industries Board.

Mr. BARUCH. I wanted you to give the Board's view in discussing this thing. There seemed to be some doubt. We agreed on the executive. We thought that necessary. I feel it would be helpful to have a munitions council. How far shall we go with it? To the extent of letting the other nations say what we shall do with our resources? If we have a representative, together with a minister of munitions, of the other three countries, it would be necessary to have them speak with authority. Can they agree with Mr. Hoover's representative as to food produced in this country? Is this going to be advisory or executive?

Mr. HOOVER. I want them to have an executive function.

Mr. MCCORMICK. You will remember Stevens puts this Munitions Council on the same level as the Executive. Our representative must have the rank of Minister.

Mr. BARUCH. Mr. Hoover can buy food, but the War Industries Board is not a purchasing body. It is an allocating and distributing body. We do not want it to do it in a way that this body will sit on top of the War and Navy Departments.

Mr. LEGGE. You say that this Munitions Council should be of a higher rank than the Executives. How would you rate them as compared with the Inter-Allied Finance Council?

Mr. MCCORMICK. On the same level. The representative of this country on the Munitions Council would have a representative on each executive.

Judge PARKER. I think from the statement made by Mr. Hoover and Mr. McCormick I get a different idea from what I got yesterday.

This is more than a mere planning body. It is also an executive body. The plan is to create an agency in London whereby the four countries shall be, so far as their resources and supplies are concerned, treated as a unit for the war. Each country will be represented and the body will determine the source from which supplies will be drawn, and the extent to which each country will contribute. Applying that to food, the organization on the other side would determine to what extent America should contribute wheat. That does not mean that they would to any extent interfere with the organization Mr. Hoover has set up here, but it would determine to what extent wheat shall be shipped overseas, and where it should be shipped. I am not clear as to what the jurisdiction of that organization would be in the matter of drawing sugar from Cuba or from any neutral country over which we have no control. While the War Industries Board is not a purchasing agency, its task is to mobilize industries of the country so they will respond the instant it is necessary. It seems to me in order to be effective this agency must have very real authority to say to the United States "You must ship a certain amount of pig iron and let the forging and machining be done in Europe", so that the real authority will be in this joint ministry.

Mr. MCCORMICK. It is not a binding authority; it is only a moral authority.

Judge PARKER. If the representative of the War Industries Board on this Ministry or agency agreed with the representatives of England, France, and Italy that so many tons of pig iron should be shipped from America, he must have authority to bind America, otherwise it cannot be effective.

Mr. HOOVER. Our man is expected to put such things up to us.

Judge PARKER. Then that settles it.

Mr. MCCORMICK. I think it would be a tremendous benefit.

Mr. REPLOGLE. I think one of the greatest functions would be sidetracking commercialism. Take Italy, for example. They ask for an enormous tonnage of pig iron. It seems to me a terrible waste of tonnage. The Italians want to keep their plants running. They have to get coal from England for their work.

Mr. BARUCH. We practically have an organization of that kind in the Allied Purchasing Commission. It is supposed to do exactly what the Munitions Council will do.

Mr. MCCORMICK. Not technically. They are anxious to have this finished and want a man appointed to sit on the executive at once. Of course the Council is a separate thing.

Mr. BARUCH. We have been after the men for eight months in regard to executive. I saw a cable yesterday in regard to tin. They practically accepted our proposal. It seems to me the most neutral body is the War Industries Board. But I don't know whether the War Department would want to give that authority to one man.

Mr. MCCORMICK. Get you and the Department to agree on the same man. One man would possibly sit on a great many executives.

Mr. BARUCH. I wanted to get the viewpoint of the Board.

Mr. HOOVER. We are practically to set up a Council of the four Department heads, under which there would be executives similar to the Nitrate executive.

Mr. BARUCH. It is simply duplicating what is done here.

Mr. McCORMICK. The war is away from us and we are the reservoir. There is where you can have a man in direct touch with the direct actions of the war. You are getting better information, and if you see those actions from here you don't lose control of anything here. You get the benefit of the information the man over there can send you.

Judge PARKER. Frequently we have to ask foreigners why they don't draw on their own sources of supply. Crosby is a unit the same as shipping and other things are units. Crosby can handle a thing, but can't go into the political end of it. If there is a difference of opinion, it must be taken to some higher authority.

Mr. HOOVER. There was a shortage of wheat in February. Mr. Crosby had passed the finance deal to allow them to buy wheat from North America. In other words, unless we get someone like this we won't even protect the Treasury.

Judge PARKER. If the Board's task is to develop facilities and supply raw materials and finished products, it must have a program to know what will be needed. That program has to be made up not independently of the requirements of the other nations but in conference with the other nations. The army must determine what its necessities are and what its requirements are before it goes into conference with the military authorities of the Allies. Can the army of the United States make a complete program independent of the Allies?

General JOHNSON. There must be coordination. It would be an impossible task to attempt to make an Allied program.

Judge PARKER. Can you make an artillery program for your army without reference to the requirements of the Allies?

General JOHNSON. I would be very foolish if I did not make it first, and then look into the Allies program.

Mr. PERKINS. You have a complication there. The Ministers of munitions of Allied countries have a representative to speak in regard to the allocation of raw materials, but here you have not.

Mr. BARUCH. I think the Board has the right to do that.

Mr. PERKINS. Who would decide whether the guns should be made in English, French, or American facility?

Judge PARKER. I think you are wrong, Mr. Perkins.

Mr. PERKINS. I usually am, Judge.

Mr. BARUCH. I'll read what the President said in his letter to me regarding that point.

(1) The creation of new facilities and the disclosing, if necessary the opening up, of new or additional sources of supply;

(2) The conversion of existing facilities, where necessary to new uses;

(3) The studious conservation of resources and facilities by scientific, commercial, and industrial economies;

(4) Advice to the several purchasing agencies of the Government with regard to the prices to be paid;

(5) The determination, wherever necessary, of priorities of production and of delivery and of the proportion of any given article to be made immediately accessible to the several purchasing agencies when the supply of that article is insufficient, either temporarily or permanently.

Judge PARKER. When the authorities determine what they would have, then is it not the task of the Board to develop facilities, sources of supply and industrial program to meet that military program. That does not necessarily mean we are to do the actual purchasing, or that we are to undertake all the details but our task is to see that industrial resources of this country respond to the needs of the military program.

Mr. BROOKINGS. Through the Overman Act the President can arrange all those activities. As to how they function here, is more or less a detail.

Mr. BARUCH. I think we are quite clear on our general understanding.

Mr. LEGGE. The thought now is to make the munitions council an executive body.

Mr. HOOVER. It is not executive, but it has subcommittees which are executive.

Mr. LEGGE. Efforts made up to the present time have not given us much encouragement.

Mr. McCORMICK. The Board had no representattives sitting in on the Conference in Paris. You have permitted the Allies to make an arrangement without a representative there.

Mr. LEGGE. As a matter of fact I think 50% of the stuff they want is on emergency orders.

Mr. McCORMICK. I think that is largely true. When your men sends you back information you know what is going on and can act wisely. I think your statement shows the need of such a thing.

Mr. HOOVER. It seems to me the problem is to insure the Allies being unable to finance their needs. We prepared for certain requirements and they have not money to buy. None of us have any power of purchase on behalf of the Government. Take the case of jute. Imports have fallen off 50% because the manufacturer and the importer are afraid to carry stocks. The Government has got to intervene in order to get people to buy the stuff. We must have some power of actual purchase.

Mr. BARUCH. We have the greatest difficulty in forming these executives. I think we ought to establish somebody with the power to buy with the executives.

Mr. McCORMICK. We support these things here, and I think they should be recommended.

Judge PARKER. We agree the plan is fundamentally sound and there is a need for it. Then it is simply the method of carrying it into effect. I am willing to go into it as a thing which ought to be done.

Mr. McCORMICK. I feel it very important that you see the recent cables in regard to this.

Mr. BROOKINGS. The personality of the men you send over will be a vital thing.

Mr. BARUCH. We will have to get Pershing in on the stuff bought over there. Now gentlemen, I think that is all and I thank you for meeting with us.

Mr. McCormick and Mr. Hoover left.

656 **Meeting of the War Industries Board held Thursday, June 13th, 1918, at 11 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Admiral Fletcher; General Johnson; Mr. Brookings; Mr. Frayne; Mr. Legge; Judge Parker; Mr. Replogle Mr. Summers; Mr. Ingels, Secretary; also Judge Ritchie, Mr. Perkins.

Organization—Reading of the Minutes.—The minutes of the meeting held Tuesday, June 11th, 1918, at 11:00 were read and approved.

Construction Section.—For the information of the Board Mr. Baruch stated that it had been decided that all matters pertaining to housing for the Shipping Board, Army, Navy, and other Government agencies will be handled by the Secretary of Labor. Final action regarding the Construction Section was deferred until after the Committee appointed (Mr. Baruch, Mr. Legge, and Mr. Frayne) submit their recommendations.

Commandeering.—In discussing the advisability of the centralization of commandeering powers, it was the opinion of the Board
657 that such powers should remain within the Departments so long as they continue to refer their actions to the Priorities Committee.

Publicity (Regarding the Distribution of Steel).—It was moved and duly seconded and approved that, in order to bring the method of distributing pig iron and iron and steel products to the attention of the consumers, the Chamber of Commerce of the United States be requested to print the resolution passed by the Board June 6th, 1918, either issuing same in the form of a war bulletin or in pamphlet form for distribution by their local Chambers.

Labor.—Mr. Frayne called the Board's attention to the competitive bidding for labor that is now being practiced by various governmental contractors and Government agencies, suggesting that an order be issued, probably by the President, to the effect that all advertising for labor be placed through the Employment Bureaus of the Department of Labor, also suggesting that the practice of sending Special Agents to the various districts to solicit labor be discontinued unless they are sent out under the supervision of these Bureaus. It was decided before making any definite recommendations that Mr. Frayne should take this up with Mr. Frankfurter and ask him what action this Board should take to help out the situation.

H. P. Ingels, *Secretary.*

658 **Meeting of the War Industries Board held Tuesday, June 18th, 1918, at 11 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; General Johnson; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Summers; Judge Ritchie; Mr. Ingels, Secretary.

Organization—Reading of the Minutes.—The minutes of the meeting held Thursday, June 13th, 1918, at 11:00 A. M., were read and approved.

Automobile Industry (Attitude of the War Industries Board toward Allowing the Production of Pleasure Automobiles).—A general discussion as to the Board's attitude toward the Automobile Industry developed the following facts:

First, that Dr. Garfield, Fuel Administrator, has issued an order that only sufficient fuel will be supplied to the manufacturers of pleasure automobiles to allow them to operate at 25% capacity; and

Second, that there is a lack of unity of action on the part of this Board and the Fuel Administration.

It was suggested by Judge Parker that this Board adopt substantially the policy of giving preferential treatment to automo-
659 bile manufacturers for fuel supply, steel supply, or any other account, save such as may be necessary to enable those who are manufacturing motor trucks for the Army, Navy, or the Allies to go forward with that production, and such as may be necessary to enable those who are manufacturing commercial trucks to continue that production to the extent that may from time to time be considered necessary, and those who have orders for the manufacture of parts for aeroplanes and other direct and indirect war work.

It is the opinion of the Board that manufacturers of motor trucks, commercial trucks, aeroplane parts, et cetera, should receive some preferential treatment. It is the understanding that Mr. Baruch will take this matter up with Dr. Garfield, with the view of determining upon a joint fixed policy covering the attitude of the Fuel Administration and the War Industries Board toward the Automobile Industry.

Publicity.—Judge Parker called the attention of the Board to the misstatement appearing in certain newspapers regarding the attitude of the War Industries Board toward general building activities. It was ordered that Mr. Newdick be requested to restate the Board's policy as outlined in the resolution passed March 21st.

Publicity.—The Board's attention was called to the reports regarding the statements given out by Chiefs of Sections, and it was decided that no statement should be given out verbally or in writing, regarding the policy of the Board toward any industry, unless the said statement is previously approved by the Board.

660 *Gas Warfare.*—Mr. Summers read his memorandum dated June 17th, addressed to Mr. Baruch, calling his attention to the present situation as regards the progress being made by the Gas Warfare Division. This letter and the recommendations contained therein were approved by the Board and referred to General Johnson with the request that he bring the same to the attention of the Secretary of War and report back to the Board.

Explosives—Held in Storage at Various Manufacturing plants.—A memorandum from General Johnson dated June 15th, outlining the proposed action to be taken to eliminate the storing of large quantities of explosives at various manufacturing plants, was submitted. The plan as outlined was approved by the Board.

Conservation—Discouraging Christmas Buying.—A memorandum from Mr. Gifford outlining the Council of National Defense's policy regarding Christmas buying was submitted and ordered filed.

Organization (Representative of the Treasury Department as a Member of the War Industries Board).—Mr. Baruch called the Board's attention to a letter from Mr. Hamlin, suggesting that a representative of the Capital Issues Committee become a member of this

Board. While it was the Board's opinion that it may be well to have a representative of the Treasury Department become a member of the Board, yet this cannot be done at the present time as the membership is full. It is the understanding that Mr. Baruch will address a letter to Mr. Hamlin, stating that the Commodity Sections stand ready to render any service that they can, and that he will also address a letter to Mr. McAdoo, suggesting that any representative appointed by his department to become a member of this Board should represent the Treasury Department as a whole, rather than just the Federal Reserve Board or the Capital Issues Committee.

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Office Regulations (*Visiting Hours*).—After some discussion it was moved and duly seconded and carried, that a sign be placed at the front entrance of the Building, stating that visitors would only be admitted between the hours of 9 A. M. and 4:30 P. M., unless by special appointment. This action was approved by all members of the Board except Mr. Legge, who wished to be recorded as voting NO.

Organization (*Appointments*).—It was ordered that all appointments of Chiefs of Commodity Sections and of other persons assigned to important work should be submitted to, and approved by, the Board; that a written statement be filed in the office of the Secretary, giving some general information regarding the appointee, such as, where he is from, if actively engaged, what he was doing before coming here, what are his business affiliations, etc.

Curtailment of Industry (*Pooling of Production*).—Judge Ritchie reported that he had considered the question referred to him by the Board on June 11th, 1918, namely, when the output of plants in the congested area was cut down, whether it would be legal to require the pooling of the output of all plants of the same character, both within and without the congested area, in order to prevent the plants outside that area, where output was not cut down, from undue profiting at the expense of the plants within the area, where output was cut down.

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Mr. Ritchie's opinion was that a pooling agreement of this kind would not violate the Sherman Law, provided the Government was party to it, because he thought that under the circumstances the pooling agreement could not be construed as unreasonable. The only difficulty he saw was that he knew of no act of Congress authorizing the War Industries Board, or even the President, to enter into such an agreement relating to industries controlled by this Board, but Mr. Ritchie felt that, even without such an Act of Congress, the President's war powers were sufficient to authorize him to enter into or direct such an agreement with the industries affected. Mr. Ritchie said, however, that the industries were entitled to authoritative advice as to whether such a pooling agreement would protect them from proceedings under the Sherman Law, and he, therefore, suggested that the Attorney General be requested for his opinion upon the subject, by the Chairman of the Board, it being the practice of the Attorney General to require a formal request for his opinion from the head of the Board desiring it.

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Contracts (*Contracts Displaced by Priority Orders*).—Mr. Ritchie brought up the question whether manufacturers or others whose contracts were displaced by priority orders incurred any legal liability to their contractors. The Board was strongly of the opinion that everything possible must be done in order to protect manufacturers and others from liability of this kind. The Secretary was requested to ask the Legal Section to furnish a full written report to the Board upon the liability of manufacturers and others, under contracts displaced by priority orders, or displaced in any other manner under the authority of the Board, together with the conclusion and advice of Mr. Bulkley and Mr. Ritchie on the subject.

Organization (*Special Advisory Committee on Plants and Munitions*).—Mr. S. M. Vauclain has been appointed Chairman of the Special Advisory Committee on Plants and Munitions.

The meeting adjourned at 12:45 P. M.

H. P. INGELS, *Secretary.*

664 Meeting of the War Industries Board held Tuesday, June 25th, 1918, 11 A M., Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Summers; Mr. Ingels, Secretary; also Judge Ritchie, Mr. Perkins.

Organization—Reading of the Minutes.—The minutes of the meeting held Tuesday, June 18th, at 11:00 A. M., were read and approved.

Organization — Instructions to Commodity Chiefs Regarding Prices.—The following resolution was approved by the Board and a copy ordered sent to the Chief of each Commodity Section:

Be it resolved by the War Industries Board:

1. That the Commodity Sections of this Board shall not undertake to fix or determine prices on purchases to be made by the several Governmental agencies;

2. That the allocation or approval by said Commodity Sections of orders placed or contracts entered into by the several purchasing agencies of the Government shall not be taken as an approval of the prices involved in such purchase;

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3. The information of the Commodity Chiefs regarding prices shall, however, be at the disposal of the purchasing agents of the Government, but the final authority and responsibility for the prices paid rests with the contracting officer except where prices are fixed by the Price Fixing Committee.

Plant Extension (Savage Arms Corporation—Transfer of work from Sharon, Pa., to Philadelphia).—A memorandum dated June 14th from the Savage Arms Corporation, outlining their plan for the transfer of the work on gun mounts; now being done at their plant at Sharon, Pa., to a plant in Philadelphia, which they propose taking over, was submitted. Based upon the recommendation of Mr. Vauclain, as per his memorandum of June 17th, and of Mr. Bush, as per his memorandum of June 24th, the Board approved the plan as outlined.

Guns (Midvale Steel & Ordnance Company—Order for 16" Howitzers).—A memorandum of June 18th from the Director of Purchases and Supplies, together with a copy of a letter of June 11th from the Midvale Steel & Ordnance Company, addressed to the Chief of Ordnance, regarding a proposed order to be placed with the Midvale Steel & Ordnance Company for sixty 16" How-

itzers to be built at Nicetown, was submitted to and approved by the Board. In approving this contract, consideration was given to the fact that this plant is located within the Congested District, but it is the opinion of the Board that deliveries will best be expedited by placing the work with this Company.

666 *Fire Protection—Council of National Defense Building, Washington, D. C.*—Colonel Starrett's memorandum, dated June 19th, calling attention to the lack of adequate fire protection for this building was submitted to the Board and referred to Mr. W. H. Merrill, Chief of the Fire Prevention Section, with the request that he submit a report to the Board with his recommendations.

Publicity.—A memorandum from Mr. Lincoln MacMillan, dated June 24th, was submitted, in which it was requested that a speaker from the War Industries Board appear before a conference of Commercial Clubs, representing Indiana, Michigan, Illinois, and other states, to be held at Winona Lake, Indiana, during the week of August 5th–10th. Judge Ritchie was requested to represent the Board on this occasion.

Emergency Construction (Method of Determining Contractors).—A memorandum dated 6/15/18 from the Construction Division outlining the proposed procedure for naming contractors for construction work was submitted. At the suggestion of Mr. Legge action was withheld until final decision is reached regarding the creation of the proposed construction Section of this Board.

Labor.—Mr. Peek called the Board's attention to the interview he had held with Mr. Potter of the Aircraft Production Board, representatives of the Ordnance Department, and several manufacturers of "Liberty Motors." At this conference it was developed that the most serious obstacle in the way of production of

667 "Liberty Motors" is shortage of labor, particularly of skilled mechanics. This not only applies to the production of "Liberty Motors", but also to many other important war materials. The discussion developed the following:

1. That the War Labor Policies Board has requested Government contractors to refrain from display advertising and from taking labor from other contractors by competitive bidding.

2. Mr. Legge suggests that the Priorities Committee be requested to withhold priority assistance from any contractor not living up to the instructions of the labor Administrator in this respect.

3. It is understood that the War Department now has under consideration the incorporation of such an agreement in all their contracts.

Mr. Peek was requested to draft a letter for Mr. Baruch's signature to General Crowder asking:

(a) What effect the next draft will have on skilled labor; and

(b) For a definition of the word "mechanic", particularly as regards the recent ruling of the War Department not putting mechanics in the classification of skilled labor.

This matter was referred to Mr. Frayne, with the request that he confer with the War Labor Policies Board regarding the whole situation and report back to the Board.

668 *Commissions.*—Mr. Perkins called the Board's attention to the ruling of the Attorney General regarding commissions on

Army contracts. Attention was called to the effect that this will have on the textile industry, particularly on cotton and woolen goods, which are almost entirely marketed through the commission merchants. Judge Ritchie was requested to draft a letter for Mr. Baruch's signature to the Attorney General, explaining to him how cotton and woolen goods are marketed, and asking that he give this his consideration.

Explosives—Contract with the DuPont Company for 30,000,000 pounds of Lyconite.—A memorandum dated June 11th from the Procurement Division was submitted, in which it was proposed to place an order with the DuPont Company for 30,000,000 pounds of lyconite. The Board disapproves the placing of this contract, so long as there is no provision made for a fair salvage value of the plant after the contract is completed; in other words, the Board is of the opinion that wherever the Government pays for a plant all the salvage value of the same shall accrue to the Government after the contract or contracts are finished.

Canadian War Mission.—Mr. Legge read a memorandum from the Canadian War Mission, requesting copies of restriction orders, preference lists, etc., issued by this Board. The Board was in favor of furnishing them with this information.

The meeting adjourned at 12:45 P. M.

H. P. Ingels, *Secretary.*

669 **Meeting of the War Industries Board held Thursday, June 27th, 1918, 11 A. M., Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; Mr. Brookings; Mr. Frayne; Judge Parker, Mr. Replogle; Mr. Summers; Mr. Ingels, Secretary; also Judge Ritchie, Mr. Perkins.

Organization—Reading of the Minutes.—The minutes of the meeting held Tuesday, June 25th, 1918, were read and approved.

Organization—Expediting the Transaction of Business of the Board.—In order to avoid delays in transacting the business of the Board, the following resolution was adopted:

Resolved, That whenever, in connection with any subject within the jurisdiction of this Board, an emergency arises which requires action before the next general or special meeting of the Board, such action may be taken by the member of the Board under whose department the same falls, provided such action is approved by the Chairman or Vice Chairman; and the action taken shall be reported at the next meeting of the Board.

Wool.—Mr. Legge submitted a memorandum, dated June 26th, signed by Mr. Herbert Peabody, Chief of the Woolen Section, and Mr. A. M. Paterson, Chief of the Foreign Wool Section, re-

670 garding the supervision of six plants in Passaic, N. J., largely owned or entirely controlled by German interests. In this memorandum it was stated that Mr. F. K. Nixon had been appointed by the War Trade Board as controller for this district. It is recommended that, in order to make the control complete, the War Industries Board should cooperate with the Alien Property Custodian and the Quartermaster General in the appointment of the same controller for the same purpose. This matter was referred to Judge

Ritchie for recommendation as to the proper procedure to be followed by this Board.

Labor.—Mr. Frayne submitted his resolution regarding the Board's attitude toward the obtaining of labor by display advertising and also by competitive bidding. This was referred to him and Judge Parker with the understanding that they would revise the resolution and that Mr. Frayne would submit the same at the meeting of the War Labor Policies Board, to be held on Friday, June 28th, and report back to the Board.

Plant Extension—The Electrical Alloy Company of Morristown, New Jersey.—A memorandum from the Department of Labor, together with statement of Mr. Reigart, Vice President of this company, was submitted. This was referred to Judge Parker for such action as he deems necessary.

Plant Extension—Expansion of Manufacturing Facilities for .30 Caliber 1906 Cartridges.—A memorandum from Mr. Bush, dated June 27th, addressd to General Johnson, was submitted, in which he recommends that if it is necessary to materially increase the
671 capacity for producing these cartridges, said capacity be developed either outside of the Congested Area, or some place with u, where adequate transportation service and labor is available. The Board endorses Mr. Bush's recommendations and the matter is referred to Mr. Perkins.

Sulphur—Control of the Production and Distribution of Sulphur Materials.—In order to meet the increased demands of the Government for sulphur and to insure an equitable distribution of the surplus, it seems necessary to control the production and distribution of sulphur materials. The following resolution was offered by Mr. Summers:

> Due to the increased demand by the Government for sulphur, in the manufacture of explosives and for other purposes, and to the increasing burdens on the rail-and-water transportation systems, control of the production and distribution of sulphur materials has become necessary to insure as far as possible, an adequate supply to the Government and an equitable distribution of the surplus to other users: Therefore, be it
>
> *Resolved*, That the War Industries Board will assume control of sulphur materials, and hereby authorizes Mr. Wm. G. Woolfolk, Commodity Chief in Charge of Pyrites and Sulphur to act for the Board in controlling the production and Distribution of sulphur materials, availing of such voluntary assistance as he may see fit, of individuals or Committees representing the producers and users of sulphur materials, and in case any producer or consumer declines to abide by the decision of the War Industries Board, Commandeering orders will be issued where necessary.

Before taking any action Mr. Baruch was requested to obtain the approval of the President.

Labor—The Limiting Factor in Production.—Opinion was expressed that recent developments indicate that the limiting factor controlling production of war materials is going to be labor, rather than transportation. In order to stimulate enthusiasm
672 and cooperation, the Board is of the opinion that it would be advisable to have the President issue a proclamation, similar to the "100% Pledge", signed by the employees of the Cambria Steel Company. Mr. Baruch was requested to discuss this matter with the President.

Commandeering.—Considering the advantages of having all the commandeering centralized, Judge Parker stated that the Army and the Shipping Board have agreed not to issue any commandeering orders without first referring them to him. It is understood that Admiral Fletcher has requested the Navy to do the same. It is the opinion of the Board, that in order to avoid conflicts, it is advisable to have all commandeering orders referred to the Priorities Commission for his approval before the same are put into effect.

The meeting adjourned at 12:35 P. M.

H. P. INGELS, *Secretary.*

673 Meeting of the War Industries Board held Tuesday, July 2, 1918, at 11:00 A. M., Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; General Johnson; Judge Parker; Mr. Peek; Mr. Replogle; also Mr. Perkins.

Chemicals—Sulphur Materials.—For the information of the Board, Mr. Baruch stated that the President had given the Board authority to take over and distribute sulphur materials.

Labor—Priority of.—It was decided that Judge Parker should take this matter up in conference with Mr. Felix Frankfurter, and draw up a resolution, Rules and Regulations Regarding Priority Production. Judge Parker stated it was his idea that a change should be made giving automatic priority rating to orders placed by the Army, Navy, and Emergency Fleet Corporation. It was also suggested that automatic rating be given to manufacturers of essential war needs. Judge Parker was directed to submit to each member of the Board a copy of the new regulations he is to frame.

Transportation—Policy with Reference to Holding of (a) Conventions of Representatives of Industries. (b) Trade Expositions for the Exhibition of Models and Wares to Stimulate Sales.—Judge Parker explained that transportation people
674 discourage holding of Conventions and Expositions. Mr. Baruch felt that this was not a matter for the War Industries Board to act upon, as it was clearly a transportation matter. Mr. Legge suggested that with a curtailed output the industries would not be in a position to go to the expense of having expositions. It was the consensus of opinion that conventions should be allowed, but that expositions should not, as they tend toward increasing sales of less essentials. This matter was referred to the Committee dealing with essential and less-essential industries.

Fuel—By-Product Ovens.—General Johnson advised that Col. Watson felt there was a delay in the placing of the contracts because the War Industries Board held up these contracts. Mr. Baruch advised that the Secretary of War had asked the Board to pass on these contracts which took about ten days and that no delay was caused by the Board. General Johnson was requested to find out the present status of the contracts.

Steel—Blast Furnaces for Ford Motor Company.—Mr. Replogle advised that the Chief Engineer of the Ford Motor Company came in to see him and advised that they have 2 500-ton blast furnaces fairly well along. The Company wanted the Board to give them some encouragement in this, so they can hurry things along. Mr. Replogle was directed to address a letter to them asking that they hurry these furnaces as much as possible.

675 *Steel—Steel and Pig Iron for Ford Motor Company.*—Mr. Replogle stated that the Ford Motor Company desired 5,196 tons of steel per week for the manufacture of 1,300 cars per day. They also desire 2,100 tons of pig iron per week. They claim their Government work alone takes 1,910 tons of steel and 1,120 tons of pig iron. It was decided to give them steel enough to take care of their Government work, and give them no assurance of any more. They are under no conditions to receive more than 25 percent of their normal requirements. Mr. Replogle was directed to take the matter of their requirements up with Mr. Hanch.

Steel—General Motors Company and Dodge Brothers.—For the information of the Board, Mr. Replogle stated that the General Motors Company and Dodge Brothers are going around buying up all the steel they can get. Mr. Replogle was directed to investigate this situation.

Organization.—July 4th, being the next regular meeting day, and also a holiday, it was decided that the Board should adjourn until July 9th.

The meeting adjourned at 12:30 P. M.

H. B. INGELS, *Secretary.*

676 Meeting of the War Industries Board held Tuesday, July 9, 1918, at 11 A. M., in Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; General Johnson; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Summers; Mr. Ingels, Secretary; also Judge Ritchie, Mr. Perkins.

Organization—Notice of Meetings.—In order to avoid having the representatives of the various industries make unnecessary trips to Washington, the Secretary was instructed to make arrangements whereby notices of all meetings with the representatives of the various industries, called by the War Trade Board, Food Administration, Fuel Administration, or by this Board, will clear through one office, so that those interested will have an opportunity of attending said meetings.

Wool—Held at Passaic, New Jersey.—In order to assist in the supervision and control of the supplies of wool and kindred products for certain mills at Passaic, New Jersey, the following resolu-
677 tion was passed by the Board and copies ordered sent to the War Trade Board, Alien Property Custodian, Mr. Herbert E. Peabody, Chief of the Woolen Section, and Mr. A. M. Paterson, Chief of the Foreign Wool Section:

Whereas the War Trade Board has appointed Frederick K. Nixon, Wool Custodian to receive and distribute wool and kindred products to certain mills at Passaic, N. J., and has appointed W. H. Folwell, Jr., Technical Advisor to said Nixon and

Whereas the Alien Property Custodian has certain interests in said mills: Now therefore be it

Resolved by the War Industries Board, That it will cooperate with and assist the War Trade Board, the Alien Property Custodian, and said Nixon and said Folwell in the supervision and control of the supplies of materials for said plants.

Labor (Priority of).—As a result of an open discussion as to the advisability of having priority of labor vested in this Board, Judge Parker and Mr. Frayne were requested to draft a resolution embody-

ing recommendations for the handling of priority of labor, same to be submitted at the next meeting of the Board.

Organization—Procedure for Clearances.—The following plan of procedure for Clearances, as recommended by a committee, appointed by the Requirements Division, was approved by the Board, and copies of this plan, together with the revised Clearance List, ordered sent to the interested Departments of the Government, and to each Commodity Chief.

678 The recommendations of a Committee appointed by the Requirements Division to outline the new plan of procedure for clearance were discussed and approved. The recommendations follow:

1. That the Clearance Committee be disbanded and that the Requirements Division be made responsible for the issuance of a Clearance List and revision thereof as occasion may demand.

2. That requests for clearances be submitted on a standard form, the initial supply of which will be furnished by the War Industries Board, but which each Department requesting clearances shall be required to furnish for themselves after the initial supply by the Board has been exhausted.

3. Requests for clearance shall be forwarded by the various Purchasing Departments of the Government to the Clearance Office of the Requirements Division, with the exception of requests for clearances emanating from the Supply Departments of the Army which shall be routed to the Clearance Office through the Director of Purchases and Supplies for the Army.

4. Requests for clearance shall be submitted in quadruplicate in different colors, one copy of which shall be retained in the Clearance Office and three of which shall be forwarded to the Commodity Sections to whom the matter is referred. The Commodity Sections, upon receipt of the above copies above referred to and after taking action thereon, shall note such action on each of the three copies referred to it; the Sections shall thereupon retain one copy for its own files and return the original and one copy to the Clearance Office. The original shall be forwarded from the Clearance Office to the Purchasing Department from which the request emanated, by special messenger. All Army clearances, however, shall be forwarded to the Office of the Director of Purchases and Supplies.

5. The forms used shall be prepared as follows:

1. Cleared.
2. Cleared: Subject to special restrictions (to be noted).
3. Clearance disapproved.
4. To be allocated by Section Head Commodity Section.

679 5. To be considered by the Commodity Section so as to provide for initialing by the Section Chiefs to indicate the action taken.

6. Each Commodity Section shall develop its plans regarding the methods of clearance as may appear best adapted to the Commodity in question, with the understanding that the Sections will operate as such in the absence of definitely prescribed authority granted to the Section Chiefs by the Sections.

7. Each Commodity Section Chief, before granting clearance on matters referred to his Section, shall be held responsible for the reference to an approval of any other Commodity Section, Food Administration, Fuel Administration, and Railroad Administration, where it appears that such other organizations may be interested.

8. The Clearance Secretary shall be responsible for the reference of a request for clearance to its proper destination. He shall each day prepare a summarized list of all requests for clearance presented to his office. He shall also prepare each day a list of all clearances received by him as approved and not previously listed. The list of clearances requested shall be supplied to the Purchasing Departments of the Government. The list of clearances approved shall be supplied daily to the several Commodity Section Chiefs of the War Industries Board and to the several members of the Requirements Division.

9. Each Department shall serially number each of its requests for clearance, commencing with No. 1, such serial numbers to be differentiated and distinguished by the following symbols:

A, Army; N, Navy; M, Marine Corps; E, Emergency Fleet Corp.; P, Panama Canal; C, Allied Purchasing Commission; R, Red Cross; Y, Y. M. C. A.

680 *Organization—Standard Form of Nomenclature.*—It was decided by a Committee composed of Mr. Legge, Mr. Peek, and Mr. Summers (appointed with power to act), that all heads of Divisions shall be known as DIRECTOR, and heads of the various sections shall carry the title CHIEF OF SECTION.

Lumber—Southern Pine.—Mr. Edgar and Captain Selfridge of the Lumber Division were invited into the meeting. Mr. Edgar stated that certain representatives of the Southern Pine Lumber Manufacturers Association wished to appear before the Board. It was decided to call a special meeting for the purpose of hearing them at 4:45 P. M.

The meeting adjourned at 12:45 P. M. to reconvene at 4:45 P. M.

H. P. INGELS, *Secretary.*

681 **Special Meeting of the War Industries Board held Tuesday, July 9th, at 4:45 P. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Summers; Mr. Ingels, Secretary; also Judge Ritchie; Mr. Taussig, Price Fixing Committee; Mr. Edgar, Lumber Division; Captain Selfridge, Lumber Division; and the following Committee of the Southern Pine Lumber Manufacturers Ass'n: John H. Kirby, R. A. Long, F. W. Stevens; also Frank Hegeman, Attorney, Kansas City; L. C. Boyle, Attorney, Kansas City; W. M. Beibem, Mr. Long's Sales Mgr.

Lumber—Southern Pine.—This meeting was called as the result of a request from the above Committee, that they might bring to the attention of the War Industries Board certain conditions which have resulted from the prices being fixed by the Price Fixing Committee, particularly in regard to the method of administration of said prices. In opening the meeting Mr. Baruch stated:

682 Mr. Kirby, first of all, recalling the conversation that you and I had when you first came down here and asked to have this hearing, I thought it was understood that you were going to withdraw the statement or telegram to the effect that this was not done by agreement. Later, I understood that you were unable to get your associates to agree to that. We, speaking for myself and the Price Fixing Committee, thought that this was done by agreement, and at least some of those associated with you in the lumber industry understood that such was the case. If this is going to be a question of reviewing that and reviewing the price, that is quite impossible, because the price has been fixed, and this Board has no power to review the price. If you want to discuss with this Board any features of the administering of the prices fixed, of course, we will be very glad indeed to discuss that with you, but, in order not to take up everybody's time, we will refer that to a subcommittee of the Board and they will confer with you on that subject.

As a result of the discussion (verbatim copy of which is attached hereto, and becomes a part of these minutes), the following Committee was appointed (Mr. Legge, Mr. Edgar, Judge Parker, and Judge Ritchie), with power to act for the Board and with the understanding that they would hear the appeal of these gentlemen.

The meeting adjourned at 6:10 P. M.

H. P. INGELS, *Secretary.*

Special Meeting, War Industries Board, July 9, 1918, 4:45 p. m., Room 909, to meet representatives of the Southern Pine Lumber Association

Present: B. M. Baruch, Chairman; Alexander Legge, Hugh Frayne, G. N. Peek, L. L. Summers, Edwin B. Parker, F. W. Taussig, E. F. Fletcher, R. S. Brookings, A. L. Ritchie, J. C. Ingels, Charles Edgar, E. A. Selfridge.

Representing the industry: John H. Kirby, Houston, Texas, Kirby Lumber Co.; R. G. Long, Kansas City, Mo., Long-Bell Lumber Co.; F. W. Stevens, Bagdad, Florida, Bagdad Land and Lumber Co.; G. N. Beebe, General Sales Agent, Long-Bell Lumber Co.; Frank Hegeman, Kansas City, Mo., Attorney; L. C. Boyle, Kansas City, Mo., Attorney; R. M. Rickey.

MR. BARUCH. We have never had any attorneys present at any of our meetings, any attorneys representing an industry.

MR. KIRBY. We are perfectly willing to have them excused; they are just sitting in.

MR. BARUCH. That is all right; you may keep them here.

MR. KIRBY. Mr. Chairman——

MR. BARUCH. Mr. Kirby, first of all, recalling the conversation that you and I had when you first came down here and asked to have this hearing I thought it was understood that you were going to withdraw the statement or telegram to the effect that this was not done by agreement. Later, I understood that you were unable to get your associates to agree to that. We—speaking for myself and the Price Fixing Committee—though that this was done by agreement, and at least some of those associated with you in the lumber industry understood that such was the case. If this is going to be a question of reviewing that and reviewing the price, that is quite impossible, because the price has been fixed, and this Board has no power to review the price. If you want to discuss with this Board any features of the administration of the price fixing, of course, we will be very glad, indeed, to discuss that with you, but in order not to take up everybody's time we will refer that to a subcommittee of the Board and they will confer with you on that subject.

MR. KIRBY. Mr. Chairman, we have a rather brief statement on the points involved, principally administration points, but, of course, we have touched upon prices in our statement. We would like to submit this statement to the Board; but on the first proposition, remembering what you said to us in the hallway at the luncheon hour, we have prepared a little statement which we have signed and offer to the committee on the proposition of the agreement, assenting to it, if you will permit me to read it.

MR. BARUCH. Certainly.

MR. KIRBY. "In view of the fact that we have vital matters to discuss with this Board touching our industry and as a discussion of these matters is embarrassed by a misunderstanding concerning the question as to whether an agreement had been entered into on which the order of June 14th was hypothecated, we desire now to put that phase of the matter behind us.

That the question may be entirely eliminated we hereby agree that that order may be considered as agreed to now as of June 14th.

In taking this position permit the statement that the committee that was in charge of this matter for the Southern Pine Industry left Washington on June 22d with the very distinct impression that no agreement had been entered into; and the committee now for the industry came to Washington on this occasion in the firm belief that no agreement had been reached. However, we fully realize that the government may be embarrassed by our insistence on the facts as we understand them, and, further, as we are not permitted to discuss our problems except this element is eliminated, we have, as stated, agreed to waive all objections to the recital in the order that it had been assented to.

As suggested, there are vital problems touching our industry which this Board should in fairness consider. We trust that in view of our attitude, touching matters above referred to, we may now be permitted to go forward to a full consideration of our problems and to make such suggestions as to modifications of the order of June 14th as, in our judgment, should be entered."

That is signed by the committee.

Mr. BARUCH. We will be glad to discuss with you the features I have indicated.

Mr. KIRBY. We have prepared a statement, Mr. Chairman, as briefly as we could. I think it may take me 10 or 15 minutes to read it, but that might be the whole presentation.

Mr. BARUCH. Certainly, the Board will give you all the time you need to present your case.

Mr. KIRBY. There are several things that can be said, but in view of the present situation, we do not want to take up the time of the Committee in a discussion of anything that is not one of the essentials involved in this program, and I have prepared this paper with a view of presenting our views. We have a few copies, not as many, probably, as will be needed, if you gentlemen desire to read while I talk.

(Mr. Kirby reads paper, copy of which is hereto annexed.)

Mr. KIRBY. Order No. 18 we want to be cleared up somewhat, as to just what it means, as to whether a consumer of lumber could violate the trade practice that has always prevailed, in this—the retailer is the medium through which all of us market our product; he is our agency. The same question arises as to whether order No. 18 would not permit the consumer of lumber to place his orders at the mill the same as the retailer does; that would be a violation of the present practice and would be quite demoralizing to the industry.

Another respect in which that order needs some modification, perhaps, is the matter of price basis. The industry in all its branches throughout the country is much exercised over the price, according to order No. 18, on the theory that it is thought that mills may be compelled to sell to the ultimate consumer, that is the trade customer, in car lots, f. o. b. mills. This committee does not so interpret the order. We believe that trade practices and customs will be observed. It is suggested, however, in the interest of a better understanding, that the retail industry should be correctly informed as to the meaning of this order. We also wish to submit the question of delivered prices. The order of June 14th says "The custom of delivered prices of lumber to purchasers' destination points shall remain unchanged, including the equalization of freight rates." The purpose of the language just quoted is to preserve the mill item price at the long-rate mills and at the heavy-weight mills. If short-leaf weights are to control, it means that the maximum price long-leaf mills can get will be the short-leaf price less the long-leaf basis of weights and freight rates, which will materially reduce the realization at long-leaf mills. There has never been any established practice on this matter as to custom. Short-leaf mills have always met long-leaf prices and vice versa, but since the bulk of production is long-leaf production, the long-leaf basis of weights should be used in determining delivered values. Our theory being that the long-leaf mills, which is the bulk of the production of southern pine, having the heavier material and the heavier weight, in some instances, ought to be the basis, so that if they net an item price at the mill equal to your $28, and the short-leaf mill or the shorter haul mill gets a little more, ought not to make him amenable to your order. In other words, the order ought to be based on the southwest blanket rate to the market. I think this is all I have to say—perhaps there is something Mr. Long would like to say.

Mr. LONG. I don't know, gentlemen, that there is anything to be added to Mr. Kirby's statement. As I understand it, your thought is to appoint a smaller committee.

Mr. BARUCH. In order to discuss this matter, we will appoint a smaller committee of our Board. If we enter into a discussion around the Board, it will take any amount of time. We will refer the matter to a subcommittee who will go into the matter as far as you want to go.

Mr. LONG. I think that is right. In order, however, that you gentlemen may clearly understand that there is very just cause for us to come back here after having been away so short a time, in addition to some of the things that have been said, let me suggest this—when the Price Fixing Committee fixed the price, Dr. Taussig, representing that committee, in the course of his remarks, suggested that the wholesaler would be left exactly as he was before; that he would not be dealt with until some later date, and then depending upon his action. In order to be sure that we understood the doctor's ruling—this occurred before the General Conference Committee, the next day, at his office, at a meeting of a smaller committee selected by the Price Fixing Committee on the one side and our industry on the other, that question was again put to the doctor to ascertain just what his position was with reference to the wholesaler. He repeated what he had said in the General Committee, which meant this, as we construed it, and as we believed could not construe it in any other way, was that the wholesaler could take the price, the item price, as set forth in this figure, add the freight thereto plus any profit that he might feel disposed to make, the doctor stating that if the price—in effect, Doctor, I am quoting—was unreasonable, that the committee would deal with that proposition later. I want you to get our attitude in this matter, because very deeply we regret the necessity of coming before you gentlemen with this matter, because we believe that the people representing our industry have at heart as deeply and sincerely this Government's interest as anybody, whether they be around this Board or elsewhere. So when we went home—I will just simply give you my instructions to my own people, Mr.

Beebe, here, representing our sales department, said to me, "What price shall we make to the public?" We said that the wholesaler, of which we are one, is left free to make such price as he may feel disposed, and so you simply pursue the same course with reference to the trade that we have pursued in the past; we will be governed by the competition that we come in contact with. We had a meeting of several lumber men of Kansas City pertaining to this proposition, and we found their minds were in a state of confusion. At the meeting of which you have heard, called at Memphis a few days after, we found there was a great state of confusion as to what prices we were entitled to make to the public. That, you will readily see, is a very important matter; and that continued to prevail—that condition of confusion continued to prevail until after this committee reached Washington, I mean to say this committee representing the Southern Pine Lumber Association, at which time a ruling was made to the effect that the price to the public should be the Government price plus the freight only.

That was entirely contrary to the understanding reached after asking the several questions pertaining to it directed to Dr. Taussig when we were in Washington. Another matter—I don't know; possibly I should ask your pardon for not listening to Mr. Kirby on this portion of it at the time he was talking, for the reason that I was reading one of these little documents—was this, gentlemen, the way this proposition is left up to this moment is that the purchaser, whoever he may be—that may be the smallest carpenter in the smallest town or the purchaser buying a barn bill or a house bill—if he comes to us, according to this order as it is being construed by a great many—we don't believe in following it all the way through—that anybody can come to our office and buy their lumber at the same price the Government can buy it, plus the freight delivered to the destination. That, you will very readily see, will very seriously affect the retailer, who, however, we are not here representing, whose cause we are not here to champion, although our company are retailers. You will readily see that the retailer who invests his capital for the purpose of profit—of course, at the same time he is serving the public—it takes from him a large amount of trade that he now enjoys. We don't believe that is your intention, but that is the way the situation is confused. And then, gentlemen, on the questions discussed by Mr. Kirby, the question of the price, we believe that your committee, in the burdens laid upon it, did not go into that matter with the great care that should prevail, and you will pardon me—I said to this Dr. Taussig, and I know the doctor will understand me—after we had the second hearing before the Price Fixing Committee, I went to the doctor, and I said, "Doctor, I want to thank you for the very splendid and open-minded hearing that you have given this committee this afternoon; for I want to say to you, Doctor, that the first talk we had with you in Mr. Edgar's office and the first time we appeared before this committee, if I am any judge of countenances, I could see very readily that you were resisting us." The thought I am trying to get at is, gentlemen, this—we all are banded together for one common purpose, as I understand it, you representing the Government and the various industries, as I gather it, in the country, for the reason that, representing the Government and compelling us, as we want you to, to fill orders for the Government, not leaving us

our choice in the matter as to the filling of them, then we think it is your duty—and I hope you will catch my thought in this, for I don't want to say it in any other way than to get you to get our viewpoint—having taken that position, may I just address you, Mr. Baruch, as Chairman, just simply because it makes it more illustrative, having taken that position, we feel it is your duty now to say here, "Representing the Government on one side and compelling you to ship your lumber to us, then I must champion your cause, on the other side, and see to it that you get a fair price for what we are compelling you to ship us." I believe that is plain, and it ought to be very conclusive that that should be your attitude. And so we are hoping that if we approach you with that same spirit, that you will approach us with that same spirit; and if we do that, gentlemen, there isn't going to be any trouble between this industry and the Government. We may have assumed a little too much in suggesting that we be a committee, but we suggest that we, or some other committee that you might approve, be selected in order that you may have direct connection with somebody that we hope you will have the utmost confidence in, that are not trying to put any sharp practices over, that are simply trying to trade with you on the basis of citizenship. I realize that you do not want to go into these details, but I have just put a few figures here together pertaining to this price proposition. Dr. Haley for the Government has said that the proposed price provided for 80% of the product of our mills—80% bulk line was $18 per thousand. Now, then, that is the first thing. Adding on there $2 for the increased cost for labor for April—and that occurred, gentlemen, because there was a tremendous advance made in the South to labor because of the unrest prevalent through the South, in the hope that we might not only deal justly with labor but that we might avoid strikes, of which you know the necessity.

Mr. DICKEY. The first of June.

Mr. LONG. Yes; pardon me, I meant the first of June. Dr. Haley used $4.60 for stumpage in his figures; that amounts to $24.60. Now, as has been said in this paper read by Mr. Kirby, we didn't suggest anything about May, for the reason that May is a better operating month than April, and we felt that our cost to produce during May would not be any more than the month of April, and so we just added $2 to the $18 as the increased cost of labor, plus the stumpage; and yet we found, as suggested by Mr. Kirby, the Long-Bell mills increased cost in May over April was 92 cents, and the other 18 mills in Kansas City was $1.28. The Kirby Mills showed an increase of $1.52. Now, if you will take these figures as stated by Mr. Kirby, and let me get this thought before you clearly—many of these mills, a large majority of them, produce their lumber considerably below the $18 book line, somewhere in the neighborhood of $14. Now, reasoning that they produce their lumber below the $18 bulk line, it is fair to presume—I think you will agree with me—that the average increase throughout the industry would be more as applied to the other mills than as applied to these particular mills; but we will take these figures and we will add, say, $1.15. I think you will agree with me that $1.15 will be a very conservative figure. That makes $25.75, without any profit at all. We figure no profit at all. Now, Dr. Haley, in order to get his figures as to stumpage, he took the average stumpage on the books of the companies that he checked over, which, as I

remember, was 104 companies. Now I say, gentlemen, that averages don't mean anything. In my illustration before the Price Fixing Committee I said that one man might weigh 50 pounds and another might weigh 400. The average would be two big men, yet one might be a dwarf. Unfortunately, in a very unbusinesslike way—I cannot explain why it is true—but there are men that have bought stumpage, put it on their books, and let it stand there year after year, even though it occurred 15 or 20 years ago, when the price of stumpage had gone up several dollars per thousand. Each case will be different—here are some figures—$4.99, $6.33, $5.00, $4.20, $6.12, $5.78, and so forth. Now, our position with reference to that matter is this—that the fair way to get the figures as to what this lumber costs to produce is present market value, and not what may stand on the books of the Company. Our industry claims that the present market value is at least $7.00 per thousand. J. B. White—his company bought 2,000 acres of lumber land, for which he paid $7.00 a thousand. Our company had quite a portion of his land, and it cost him $7.00 a thousand. There are other instances of large sales that have been made and many small ones at very much higher prices. I figure on that basis that we have $18 plus $2 for June, plus $5.83 for stumpage, making $25.83, plus $1.15 for May, and we have $26.98, putting those figures together correctly—I have $27.11. That leaves no profit at all, you understand, for the operation. Now, I believe, Dr. Taussig, that in our figuring you found that Dr. Haley had found $30 a thousand as the proper amount for capital asset, and you first figured that 5% was sufficient profit. The doctor says, "They are on high land and so they are not of much consequence." I said, "If you figure that way, you have got to place Mr. Kirby as one of those and the Great Southern Lumber Company as another"; so the Doctor—finally you concluded, after we talked over the matter quite a while, that 10%—and I hope you will correct me, Doctor, if I make a mistake—at least you assented to the fact that 10% wasn't an unfair margin to figure.

Dr. TAUSSIG. I think I intimated that the point above which an excess-profit tax might reasonably begin was a reasonable price for this committee to consider.

Mr. LONG. And what was that?

Dr. TAUSSIG. That is in the case of a new concern 8%, and for other concerns not less than 7 or more than 9.

Mr. LONG. What would you think, Doctor, would be a fair price here in this case?

Dr. TAUSSIG. That would indicate something like 8%.

Mr. LONG. 8% of $30, that would make $2.40. That makes $29.40, on the basis of our figuring, and it makes the price $28.15 on the basis of the Government's figures. Now, gentlemen, will you please take into consideration this fact—in the year 1909 the production of lumber according to the Government's figures was a little less than 45 billion feet; in the year 1913, 39 billion feet; from the same source of information. Last year, 1917, it is estimated by the Government, as I understand it, they haven't all their figures together, as 35 billion feet. Now, according to the way the mills are running because of shortage of help, we won't produce a foot more than 80% of what we produced last year, which leaves 28 billion feet. Now, you are eliminating in your calculation everything above 80%.

Of course, we don't pretend to say that all of these mills above the 80% bulk line are going to close down. Some of them will, undoubtedly, close down, because they can't produce at this kind of a proposition. But in your calculation—get this, please—in your calculation you are eliminating 20% of 2 billion, 800 million feet, from any possibility of making anything like a minor profit on 5 billion 600 million feet of lumber. Our companies are not in that line. We are here representing the industry, so far as this committee is concerned, not ourselves; but in reference to this you are forgetting 5 billion 600 million feet of lumber that is being produced in these United States, and not taking that into consideration at all. We don't believe it is your intention to do that. We believe that you are working a hardship on these people that you do not intend to work. I didn't think I had very much to say when I started in, but when you take into consideration the fact that you have, according to our figures, $29.41, and according to your own figures $28.15, and then you are compelling us to serve the retail trade at a price the same as we sell to the Government and perform services that the Government doesn't get.

Mr. BROOKINGS. As Chairman of the Price Fixing Committee, and because Dr. Taussig was not here and did not hear the opening of this discussion, I think it is incumbent upon me to say that no matter what merit there may be in the case, this Board has absolutely no power over the price. As has been stated here, this is not the proper place for you to have presented your case. If you had anything to say about prices, it was proper for you to appeal to the Price Fixing Committee for a hearing, for this Board has no jurisdiction whatever over the prices. If it is a matter of administration after the Price Fixing Committee has fixed the price, it is turned over to the administrative bodies of the War Industries Board; allotments are made there, and all the numerous problems that you have called attention to involving transportation should be worked out here. It has been the policy of the Board to hear anybody who wanted to say anything to them, wishing to be absolutely fair; but it is only fair to the Board and to the Chairman of the Board to say that if appeal was taken from the Price Fixing Committee's decision, this Board would have nothing to do. The Price Fixing Committee is appointed by the President, separate and distinct, with absolute, fixed authority. It reports only to the President, and gets its instructions only from the President. This Board hasn't its records, has nothing whatever to do with its functions except to receive the results and apply them, administer them through the various divisions. I think it is only fair to you to have that explanation made, no matter what the merits of your case may be. The Price Fixing Committee has always been just as open minded as the War Industries Board. We have been asked sometimes to hear an appeal on our own action. I am sure if Prof. Taussig has any new information connected with additional costs, he will be glad to consider it. He presided at the Lumber meeting—I explained why I did not preside; being a fellow sufferer, I did not care to have anything to do with it; but, as a matter of fact, the proper place for you to have made your appeal was with the Price Fixing Committee, and Prof. Taussig is acting chairman of that Committee. I think it is only proper for me to explain that this Board has absolutely no jurisdic-

ion over prices and did not wish to hear anything about prices, but did wish to hear about any matters of administration.

Mr. BARUCH. I expressed my opinion about prices, but as long as you gentlemen wanted to go into it, I wanted to give you the opportunity to say what you wanted to say. Mr. Brookings has stated exactly the position of the Board as to prices. Now, there are things here that you want cleared up, and I will appoint a committee of our Board to discuss the matter and take it up in such detail as you wish. That is the only thing this Board can do, and I think it would be the best way of doing it.

Mr. BROOKINGS. We submit everything to the President. We act for him absolutely. We feel, of course, that the industry is as much interested as we are. We are willing to have any number of meetings to try to get to an agreement. We are at war, and we concede just as much patriotism to the industry as we have. We go to the greatest amount of trouble trying to get at everything pertaining to costs. We have never said that we were absolutely influenced by the cost of any natural resource like stumpage. I am sure that that was not the basis on which Dr. Taussig and his committee arrived at a price. They tried to get at what they thought was a fair value of the stumpage, not entirely based upon what stumpage costs, for I think, as a business proposition, we realize that cost may have very little relation to value; but having done all this, and having given the very best thought that we could to this, we recognize in the last analysis, and the President has made it perfectly clear to us, that we are not a body that meets simply for the purpose of registering the wishes of the industry. That is not what we are appointed for. We do try to agree with the industry, but failing in that, our instructions are to fix prices, and if we cannot fix it by agreement we have to fix it by order, although we do not like to do that.

Mr. BARUCH. I think we can adjust this matter in the quickest way by appointing a subcommittee that you can deal with as far as administration is concerned, but as far as prices are concerned, you will have to take that up with the Price Fixing Committee. I will appoint as the subcommittee of this Board Judge Parker, Mr. Legge, Mr. Edgar, and Mr. Ritchie. They will take the matter up with you at your convenience.

Adjourned at 6:15.

MAY 7, 1918.

MEMORANDUM TO MR. B. M. BARUCH

Subject: Memorandum of discussion between representatives of War Industries Board and the Committee representing the automobile industry.

Mr. Legge, Mr. Replogle, Mr. Frayne, Mr. Peek, Representing War Industries Board. Mr. Durant, Mr. Flanders, Mr. Willys, Mr. Dodge, Representing automobile industry.

1. It was conceded by the gentlemen representing the automobile industry that Government requirements and the necessities for the public welfare should have 100-percent priority or more—whatever was necessary to enable the successful prosecution of the war—regardless of whether this priority applied to one class of materials or another, transportation, etc.

2. It was definitely stated by the representatives of the War Industries Board that in their opinion these requirements would consume a large part of the steel capacity of the country for some time to come and the representatives of the automobile industry recognized that this means great limitation in their production.

3. (a) It was suggested by the representatives of the automobile industry that every effort should be made to speed up transportation and to that end, they expressed the opinion that automobile trucks could be of great assistance, either using trucks purchased by the Government for war purposes until they are ready to be shipped to France; by commandeering trucks in private use which can be better utilized for this purpose, or by the purchase of new trucks.

(b) It was brought out in the discussion that the railroads need mechanics badly in the repair shops to repair motive power and that the automobile industry could be of material assistance in supplying some of these mechanics.

(c) That important parts of the locomotives could be successfully produced in the automobile factories, and they expressed a willingness to undertake this work if afforded an opportunity.

(d) Mr. Legge agreed to take up with the Railroad Administration some of the questions involved, with a view of making an appointment with this Administration for the representatives of the automobile industry, that they might have an opportunity to discuss ways and means of cooperation. It was thought that this matter might be arranged for tonight or tomorrow morning.

Yours very truly,

(initialed) G. N. P.

MAY 8, 1918.

MEMORANDUM FOR MR. B. M. BARUCH

Subject: Conference between Automobile Industry, represented by Mr. Durant and Mr. Dodge, and Mr. Gray of the Railway Administration.

In my memoranda dated May 7th, paragraph 3a, it was suggested by the representatives of the automobile industry that automobile trucks could be of great assistance in relieving the congestion at terminals and this was fully discussed with Mr. Gray. Mr. Gray felt that there was much merit in the suggestion and requested Mr. Durant to lay out a comprehensive program for him covering this subject.

Referring to paragraphs "b" and "c" in regard to mechanics to assist in repairing locomotives and in assisting in the production of locomotives, it was thought for reasons thoroughly discussed, that this is hardly practical.

Yours very truly,

———.

683 Meeting of the War Industries Board held Thursday, July 11, 1918, at 11 A. M., in Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Legge, Vice-Chairman; Admiral Fletcher; General Johnson; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Summers; Mr. Ingels, Secretary; also Mr. Perkins, Judge Ritchie.

Organization—Reading of the Minutes.—The minutes of the meetings held June 27th, July 2nd, July 9th, at 11:00 A. M., and 4:45 P. M. were read and approved.

Lumber—Southern Pine.—After some discussion regarding the special meeting held July 9th, with the Committee representing the Southern Pine Lumber Manufacturers Association, the following resolution was unanimously adopted by the Board:

After the minutes of the special meeting of July 9, 1918, were read, there was some discussion of the written statement filed by the Committee representing the Southern Pine Lumber Association, wherein the Committee stated that the price-fixing order of June 14, 1918, should be considered as having been entered into by agreement. Attention was called to the fact that in assenting to this, the Committee nevertheless reiterated hat it was its understanding that no such agreement had really been made by the Committee which then had the matter in charge.

684 The Board felt that the Committee was entitled to the privilege of making this latter statement, if it felt justified in doing so, and that all that the Board could ask was the unequivocal assent of the Committee to the fact that the order should now be considered as having been made by agreement, which assent the Committee had given.

The Board, nevertheless, desired to record formally, upon the minutes of this meeting, the fact that the Committee's understanding on this point, as set forth in its written statement, was not correct, but that on the contrary, the order of June 14, 1918, was, in fact, expressly assented to by the members of the Committee then representing the industry, as the order on its face recited, and as Chairman Baruch orally explained to the Southern Pine Committee at the said meeting.

Labor.—After some discussion, it was the opinion that this Board should cooperate with the War Labor Policies Board towards carrying out the policy to be established in order to avoid competitive bidding for labor. The following resolution was unanimously approved, and copy ordered sent to Mr. Felix Frankfurter, Chairman, War Labor Policies Board, and other Governmental Agencies dealing with labor:

Be it resolved by the War Industries Board:

First: That the practice of manufacturers using competitive peace-time methods in the procurement of labor resulting in the withdrawal of labor from war industries, is strongly disapproved, and henceforth this Board, through its Priorities Division, will in proper cases withhold priority assistance from employers who persist in pursuing such methods.

Second: That a copy of this resolution be certified to the Chairman of the War Labor Policies Board and to all other Governmental Agencies employing, or dealing with labor and that it be given general publicity.

685 *Labor—Competitive for.*—Mr. Frayne submitted to the Board a telegram from the Driver-Harris Company, to the effect that Wilbur B. Driver was serving an injunction against certain of their men to prevent them from continuing work with the Driver-Harris Company. It was the opinion of the Board that that was a matter for the War Labor Policies Board to handle. Mr. Frayne was requested to bring this to the attention of that Board.

Steel—Allocation to Manufacturers of Horse-Drawn Vehicles.—There was an open discussion as to the best policy for the Board to establish governing the allocation of steel to manufacturers of horse-drawn vehicles. For the information of the Board, Judge Parker stated that it had developed at the recent meeting held with the committee representing the industry that by allocating approximately 10,000 tons of steel to the industry in order to round out their stocks on hand it would enable them to operate until January 1st and allow them to produce approximately one-half of what they did during 1917. Judge Parker further advised that he proposed to take up each industry in practically the same way in order to develop to what extent they are essential or nonessential. When representatives of the various industries come here to request being placed on the Preference List, it gives an opportunity to determine to what extent
686 they are essential or nonessential and agree on curtailment.

The Board unanimously approves this policy.

Organization—Weekly Office Review.—After some discussion, it was the opinion of the Board that it is advisable to issue a weekly Office Review, covering the activities of the Board. This is to be issued through the office of the Secretary. Mr. Baruch advised that

he would recommend a man not later than Tuesday, July 16th, who is capable and willing to undertake this work.

Curtailment of Industry—Manufacture of Pleasure Automobiles.—It was decided not to take any definite action covering the establishment of a definite policy regarding the allocation of steel and other materials to this industry until the return of Mr. Hanch, who is to appear on Saturday before the meeting of the Automobile Manufacturers to be held in Detroit. Mr. Peek was requested to call Mr. Hanch on the long-distance telephone and advise him of the proposed action to be taken at the next meeting of the Board (July 16th).

Steel.—In order to prohibit manufacturers from contracting for more steel than they actually require so that they might resell a portion of it, the following resolution was offered by Mr. Legge:

Whereas it has come to the attention of this Board that certain manufacturers, now on the Preference List, are negotiating the resale of steel which has been delivered to them as the result of Government priority assistance:

687 Therefore be it

Resolved, That if any such resales are made without first obtaining the approval of the Director of the Steel Supply, the manufacturers responsible for such resales will be dropped from the Preference List and will not receive any further priority assistance.

This resolution was adopted, and Mr. Replogle was requested to see that all companies receiving steel under priority assistance be notified of this ruling.

Construction—Creation of New Facilities Section.—After giving further consideration to the creation of a new Facilities Section, Mr. Peek and General Johnson were requested to submit to the Board, at as early a date as possible, definite recommendations as to the proper organization and functions of this section.

The meeting adjourned at 1:50 P. M.

H. P. INGELS, *Secretary.*

688 Meeting of the War Industries Board, held Tuesday, July 16th, 1918, at 11 A. M., in Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; General Johnson; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Summers; Mr. Ingels, Secretary; also Judge Ritchie, Mr. Perkins.

Organization—Reading of the Minutes.—The minutes of the meeting held Thursday, July 11th, were read and approved.

Publicity.—Mr. Creel and Mr. Byer were invited into the meeting. Mr. Creel urged the Board to appoint someone familiar with all its activities to cooperate with the Bureau of Public Information toward the carrying out of an educational publicity compaign for the purpose of laying before the American people the organization and functions of the War Industries Board and what it is trying to do. The Board is unanimously in favor of such procedure.

689 *Publicity—Giving out Statements.*—It was decided that any member of the Board shall feel free to give out any statements that he deems right and proper, this privilege to extend to members of the Board only.

Curtailment of Industry—Automobile Industry.—Mr. Hanch, Chief of Automotive Products Section, was invited into the meeting

and reported the results of his interview at the meeting of the Automobile Manufacturers, held in Detroit the week of the 8th. He stated that the committee composed of Mr. Durant, Mr. Dodge, Mr. Flanders, and Mr. Lewis that appeared before this Board did not represent the rank and file of the automobile manufacturers, and that therefore they had resigned, and a committee that would represent the rank and file will be appointed. Pending the appointment of such a committee, Mr. Chalmers has been requested to come here to Washington as the representative of the industry. Mr. Hanch further stated that he was of the opinion that several of the larger producers will not be willing to voluntarily agree to a curtailment plan that would be satisfactory to the balance of the industry. Mr. Chalmers, Vice President of the National Automobile Chamber of Commerce, and Mr. Reeves, General Manager, were then invited into the meeting. After a lengthy discussion (copy of which is attached hereto and becomes a part of these minutes) it was decided that, before taking any definite action, Mr. Chalmers be requested to have the automobile manufacturers file with Mr. Hanch, Chief of the Automotive Products Section, a statement giving the following information (see letter on next page):

WASHINGTON, D. C., *July 17th, 1918.*

INFORMATION REQUIRED BY WAR INDUSTRIES BOARD

To members making passenger cars:

Mr. Chalmers met the entire War Industries Board yesterday to discuss the matter of production of passenger cars after August 1st. The session lasted three hours and every phase of the situation was thoroughly covered. Mr. Chalmers pointed out to the Board that our members have been unable to get materials to balance up their present inventories because of the embargoes that have been placed upon materials, particularly steel, by the War Industries Board during the last sixty days.

The War Industries Board now requests that each passenger-car manufacturer make up an inventory of all materials on hand and of how much production in number of cars this would represent when balanced up, and how much material will be required to balance this inventory so that the entire amount of material could be used up in the production of passenger cars. They want this in the form of a sworn statement and want it forwarded as quickly as possible to Mr. C. C. Hanch, Chief of the Automotive Products Section, War Industries Board, Washington, D. C.

They want to know the number of cars that can be built from the material on hand plus the material needed to balance your inventory. They will then be able to tell how much in tonnage will be required for the passenger-car business at this time, to enable them to balance their inventories and convert these inventories into cash.

For your convenience we enclose herewith a sheet showing the information desired. We realize that on some of these items you may not be able to give an absolutely accurate answer without taking a physical inventory, but we want you to make it as nearly accurate as possible. The main thing is to tell us what your inventory is now, how much it will take to complete this inventory, and how many finished cars you can build after your inventory has been balanced up.

We urge upon every member the importance of complying with this request immediately, because we are hopeful that some arrangement can be made with the War Industries Board to get material to balance up your present inventories and then to reach some agreement with them with reference to future production.

Very truly yours,

NATIONAL AUTOMOBILE CHAMBER OF COMMERCE,
ALFRED REEVES, *General Manager.*

691 [Copy]

Mr. C. C. HANCH, *Chief Automotive Products Section, War Industries Board, Washington, D. C.*

DEAR SIR: In compliance with the request of the War Industries Board, we give below the following information about our inventory of materials on hand now or as of July 1, 1918:

1. How much raw material (in dollars and cents) have you on hand? $_____
2. How much raw material (in dollars and cents) would you have to buy to balance your present inventory? $_____
3. How many tons of the following steel have you on hand?

Steel Sheets	_____(tons)
Forging Steel (Ordinary carbon)	_____ "
Alloy Steel	_____ "
Strip Steel	_____ "
Pig Iron	_____ "
Bars	_____ "
Cold-Rolled	_____ "

4. How many tons of the above-mentioned steels will you require to balance your present inventory?

Steel Sheets	_____(tons)
Forging Steel (Ordinary Carbon)	_____ "
Alloy Steel	_____ "
Strip Steel	_____ "
Pig Iron	_____ "
Bars	_____ "
Cold-Rolled	_____ "

5. How much material (in dollars and cents) in process of manufacture and finished product have you on hand now? $_____
6. How much finished product (in dollars and cents) made by others would you have to buy to balance your inventory? $_____

692 7. What are the three important items on your present inventory on which you are long?

(1) _____
(2) _____
(3) _____

8. How many finished cars could you build from your present inventory when it is properly balanced? _____
9. How long would it take you to build these cars? _____ months.
10. If you purchase the following units, please state how many of each you have on hand now and how many more you would have to receive from your parts makers to balance with the highest point of other material you may have on hand:

	On Hand	*Required to Balance Inventory*
Motors	_____	_____
Radiators	_____	_____
Transmissions	_____	_____
Front Axles	_____	_____
Rear Axles	_____	_____
Frames	_____	_____
Bodies	_____	_____
Steering Gears	_____	_____
Wheels	_____	_____
Carbureters	_____	_____
Magnetos	_____	_____
Electric Starting & Lighting Systems	_____	_____
Batteries	_____	_____

11. What is holding up your production now—that is, what materials do you need most to proceed to ship finished cars? Please state whether this is raw material or finished products made by someone else.

693 As nearly as we are able to tell at the present time, the foregoing is a true and complete statement of materials on hand and materials that will be needed to balance our inventory.

In witness whereof we have hereunto placed our hand and seal, and seal of our company, this ------ day of ------ 1918.

[SEAL]

_____
(Name of Company)
_____
(Address)
_____
(President or Gen. Mgr.)

STATE OF _____,
County of _____, *ss:*

Before me personally appeared _____, known to me to be the President / General Manager of the _____ of _____, who being duly sworn, stated that the above statement is true and complete to the best of his knowledge and belief.

_____,
Notary Public.

The meeting adjourned at 1:05 P. M.

H. P. INGELS, *Secretary.*

(Mr. Chalmers and Mr. Reeve admitted to the meeting.)

Mr. BARUCH. Will you state what you represent, Mr. Chalmers—what you and Mr. Reeve represent?

Mr. CHALMERS. Well, we represent the National Automobile Chamber of Commerce, and that includes nearly all the manufacturers of automobiles outside of the Ford Company. The Ford Company does not belong to our organization. We have something like 117 members now. The Association at one time appointed a committee consisting of Mr. Durant, Mr. Dodge, Mr. Flanders, and Mr. Willys——

Mr. BARUCH. The Association did appoint them?

Mr. CHALMERS. Yes.

Mr. HANCH. The original committee was appointed down here in the LaFayette Hotel.

Mr. CHALMERS. Yes; but that was all confirmed at a meeting of the members. That committee has now been dissolved and this new one has been appointed. They met several times with your board—once or twice—but that committee has now resigned because neither Mr. Durant nor Mr. Dodge nor Mr. Willys nor Mr. Flanders would accept any responsibility for anything that would put their fellow members out of business, and they would not accept any further responsibility and resigned from the committee. Now, Mr. Hanch came out to our board meeting last week, and after the board of directors accepted the resignations of this committee; the board of directors is now handling this automobile matter directly, and as I happen to be Vice President I was delegated to come down here and confer with Mr. Hanch and you gentlemen with reference to the automobile situation.

Mr. BARUCH. You represent the entire automobile industry, do you?

Mr. CHALMERS. Outside of the Ford Company and some smaller concerns that do not belong to our Association. One of the rules of the Association is that they must manufacture automobiles for one year before they are eligible for membership, so that we represent—our Association includes, I should say, outside of the Ford Company, 95% or 98% of the industry.

Mr. BARUCH. You are authorized to speak, then?

Mr. CHALMERS. Well, I am not authorized to commit them to anything, but I am authorized to talk with you.

Mr. BARUCH. I should like very much to hear what you have to say for them.

Mr. CHALMERS. I don't know what you want, Mr. Baruch, but here is the situation: A great many of our members feel this way—they have had for six months or longer greatly unbalanced inventories. The extent of these inventories are enormous in some things. An agreement was reached in April, if I remember correctly, that they should go on and curtail 30% of their proposed schedules for this year, and that would enable them to liquidate these inventories, and they would have cash, and any future sums would have to be agreed upon here. I think that this agreement would run to August first. I think that is correct.

Mr. PEEK. From March 1st to August 1st.

Mr. CHALMERS. Now, then, that was agreed upon and our industry voted favorably for it, but in many cases they have been unable to get materials to balance these inventories because right after this agreement was made with your board these embargoes on steel and other materials were put on so that the agreement did not amount to anything, naturally, insofar as they were not able to get materials, and it has been impossible, as I understand it from these men, to get materials in the last 90 days—steel of different kinds, alloyed steels, particularly—so that many of our members feel that it was not quite fair to make this arrangement and then put the embargoes on. I am speaking quite frankly to you, but that is the feeling.

Mr. BARUCH. Unfair?

Mr. CHALMERS. Well, that is too strong a word. It was useless.

Mr. PEEK. Was there any agreement, Mr. Chalmers, that they should get any material?

Mr. CHALMERS. No; there was no binding agreement. I didn't mean to put it that way. There was no agreement that they would furnish material; no agreement of that kind at all. I talked with Mr. Replogle, and he took this position—he said if any of them were short of materials to balance inventories to take it up and he would see what could be done. I haven't any brief for any of these concerns especially. I am in a peculiar position in this way—the business in which I am engaged—the plant is leased to the Maxwell Company for the duration of the war to take care of war work, so that I am not directly interested in the manufacture of any automobiles, and I hold no brief for Mr. Durant or anyone. I represent the small manufacturer as well as the large ones. Of course, the large manufacturers can take care of themselves a great deal better than the small ones can with reference to materials; there is no doubt about that.

Judge PARKER. How can they now? In times past they could, but how can they now?

Mr. CHALMERS. Well, I am inclined to think—of course, I know how tight a rope you have got around the steel manufacturers, but I think several steel manufacturers are prone to look out for their old customers whose financial responsibility is beyond question and whose business will continue after this war is over. Our people have a great deal of feeling about Ford's ability to get steel when they

can't get it, whether that is justified, I don't know anything about it. Now as to labor—in the first place, the labor in an automobile plant is not as skilled as you might think. It has been highly specialized. It has enabled them to keep a man at one thing. They don't do anything else except that one thing; they are not taught to do anything else. Progressive assembly has come into all the plants, and the work is handled in this way; the thing goes down a track and they are working on it all the way along. It comes here and the first thing to do is to put the frame up, and then they put the motor in, and then they put the axles in; it keeps moving all the time, and it moves down a building 1,000 feet long; when it strikes the center of that building, it gets painted, but it is moving all the time, and when it gets out it is dry. That is progressive assembly. These men are not skilled mechanics. They only work at one thing. There has been a lot said about releasing these men for special building.

Mr. FRAYNE. We need a lot of common laborers, and that is where they would fit.

Mr. CHALMERS. Lots of them have been released, but you want a lot on this side for war work. Take the Dodge Brothers plant; take the Maxwell plant; they are now engaged in the manufacture of tanks and tractors, but so far they are simply in the tool-room stage of production. Now, gentlemen, if you cut these automobile companies too fine or if you force them to release these mechanics, where are they going to get them when they need them in the fall when this big production that is coming is ready for them? They are going to be automatically cut down as soon as they possibly can be from automobiles to war work, but this war work is not in the production stage; the big production in war work is coming in the fall and winter. Where are they going to get the men? Detroit is short 25,000 or 30,000 men. Now, if you let these men go, as some people say, let these men gravitate where they will, it sounds well, but it isn't practical. Take the Buick Company. They got an order day before yesterday to build 5,000 more liberty motors. Now, if you dissipate the Buick Company force, which is 20,000 or 25,000 men, take them off this automobile work, they cannot and will not get the men to build these liberty motors.

Mr. BARUCH. What ought we to do, that is what we want from you? We see the conditions and we want your advice on what to do.

Mr. CHALMERS. It is a pretty hard thing to tell you what to do or suggest what you ought to do. I think this—if they had been allowed or had been able to liquidate these inventories, I think there would have been a little different feeling on the part of Mr. Durant and some of the others; instead of sparring for time, they were really trying to get out of a very difficult situation. I don't think there is any manufacturer that has not been willing to transfer his plant to war work up to 75% or 100% if it really was needed, but they wanted it to be a conversion.

Mr. PEEK. Couldn't they build up some of these inventories, instead of cutting them down?

Mr. CHALMERS. We will have the figures.

Mr. SUMMERS. That is only production, isn't it?

Mr. CHALMERS. Yes; partly. They made an estimate to us of what their commitments were.

Mr. SUMMERS. Did they make that in such form as to give definite information? Did they give you any percentages or any details as to raw materials for production of these cars?

Mr. CHALMERS. Not in dollars and cents. It is all figured in the number of cars.

Mr. SUMMERS. There is evidence here that they have been purchasing raw materials.

Mr. CHALMERS. I don't think that is true, sir. I am not in a position to deny that, however. I told Mr. Durant the other day that the statement had been made that he had been buying pretty heavily for his company. He said it wasn't true; he said, "With my big business"—of course, he is the biggest operator outside of Ford—"I couldn't go without some material. We have placed orders for some material. I knew we were not going out of business entirely, and we couldn't do without some, but it is wrong that I have been accumulating a lot of material, for I have not."

Judge PARKER. One of the presidents said to me when I told him that we were informed that some of the companies were accumulating large stocks of material so that they would provide against a rainy day; he said, "Of course, we have; we would be damn fools if we hadn't."

Mr. CHALMERS. That is not true of the majority of companies. Now you are asking about practical suggestions on this. I think, in all fairness, that the automobile companies should be given some time to liquidate these inventories which was promised to be done. I think these inventories in dollars and cents should be submitted to Mr. Hanch as your chief, and that recommendations from him ought to be made to your steel section, and other sections, as to what these companies can get with reference to these materials. Of course, you cannot guarantee materials. We know you cannot guarantee materials to any private industry today. The war needs must come first. Now, then, I think that ought to be allowed to be done while they can sell these cars, during this kind of weather. You cannot sell them in the wintertime. There has been a natural curtailment in the purchasing of automobiles anyhow; a natural one. You cannot take two or three million men out of active life, and not feel the effects of it, and I should say that our industry was off now in sales from 33⅓% to 40%.

Mr. BARUCH. The question is—we have got just so much steel—that is the whole question. Will they want us to take it from war essentials and give it to them? We have got just so much steel, and we have got to apportion it out. If we haven't got it, how can we give it to you?

Mr. CHALMERS. No one has asked anything except after the war demands have been supplied.

Mr. BARUCH. That is all we are trying to do.

Mr. CHALMERS. We feel that we ought to know what these demands reasonably would be.

Mr. BARUCH. We gave the automobile manufacturers a schedule of war requirements, I think.

Mr. REPLOGLE. Yes.

Mr. CHALMERS. There is a feeling that the automobile business is more on Capitol Hill than it is here. I couldn't help but remark as I came down at the number of automobiles, and what I was tele-

phoned for to come, they said, "Please take a taxi and come down to this meeting." There is no use in talking about their being a luxury. They are more of a necessity. They are not necessary to win the war exactly, but they are not a nonessential. I think they should be allowed to clear up some of these inventories. I don't think it is fair not to go through with what is construed as an effort on your part to help them to convert to cash these inventories.

Mr. BROOKINGS. That is what we told them seven months ago.

Mr. BARUCH. Didn't they increase their stock on hand?

Mr. CHALMERS. I don't think so, now. Because they showed their commitments for the whole year.

Mr. BARUCH. Are the automobile manufacturers prepared to say what materials they are in need of?

Mr. CHALMERS. I think they would be.

Mr. PEEK. Each one's requirements would be different.

Mr. CHALMERS. Ever since the war in Europe broke out it has been impossible to keep inventories balanced; to get certain things like crank shafts we have been up against such propositions as these: The companies who manufacture them say, "No; we can't deliver 1,000 a month; we have got to put in an order for the whole amount that we want, say 18,000, and you have got to take the whole 18,000 if you expect to get them." The result has been that these inventories have been greatly unbalanced. And here is another consideration. The automobile business is doing more than any other business in the Government helping out on this war work. I don't know any industry that is contributing as much except the steel industry itself. Look at what they are doing in the way of liberty motors and trucks and shells and stuff that they are making. But it isn't in production yet, gentlemen, but it will be in production this fall when they will automatically have to take these men from that anyhow because they cannot go and pick them up anywhere. As John Dodge said, and he has a big factory, "If they don't let me alone so I can run this business; if they put me in a position where I have got to take these men from my automobile plant and let them go, I must ask the Government for time in filling their war contracts."

Mr. PEEK. What number of manufacturers are in war work? No more than eight or ten percent.

Mr. CHALMERS. Oh, yes. You and I have talked about getting war work. I was hopeful that under this new authority there would become central way of allocating war work. We have had an office here for some time now, but we cannot get war work. It is impossible to get it from these departments.

Mr. PEEK. There have been a great many hundreds of millions of dollars steered into the automobile industry, not in the way you have in mind, but manufacturers have taken enormous contracts. How many automobile manufacturers are in a position where they can get on to war work this fall?

Mr. REEVE. I will have that information for you before the close of the week. It is available information, and we can know just what each one has got.

(Mr. Hanch, Mr. Chalmers, and Mr. Reeve, at this point, withdrew from the meeting, and after a brief discussion of the situation by members of the board, they were recalled.)

Mr. BARUCH. We have discussed this question, gentlemen, and we have practically agreed upon what we think should be done, and Judge Parker will disclose to you our unanimous opinion on the subject.

Judge PARKER. It is not the policy of the War Industries Board to take an industry by the throat and strangle it. It is not the policy to destroy or ruin any business, but we are pursuing a consistent policy of taking up each industry, analyzing its requirements, the demands of the war requirements, and the essential civilian requirements, and undertaking, as far as it lies within our power, to help that industry meet its essential requirements and at the same time curtail to the point of saving raw materials, labor, transportation, etc. We realize that there is a large percent of essentiality in the automobile business, outside of meeting war requirements and commercial trucks, there is a degree of essentiality in the passenger automobile; but all requirements—all essentiality is relative. The war program is large and it is growing, and it is necessary to make very substantial curtailment, not only in your industry, but in all other industries where the steel requirements are for what we may properly call peace-time requirements. Aside from the question of steel that enters into your activities, there is one of rubber, which is extremely acute. Now, I want you to regard this in confidence for the moment, because our program for rubber is not mature, but the output of rubber is limited by the ability to import it, and the ability to import it is limited by shipping, and shipping must be diverted to overseas business. If the present restrictions on the importations of rubber are continued in effect, the restrictions that have been made by the War Industries Board and the Shipping Board are continued in effect, there won't be any rubber for the manufacture of tires for passenger cars, and it would be idle to go ahead and produce new cars, put steel in new cars, if the tires cannot be manufactured to cooperate with them, to say nothing of the five million motor-driven vehicles that are already in operation. That is a situation that very directly affects the question that we are considering here; but if we get by that point, we have devoted a very great deal of time and thought to the consideration of your problem, and have approached it from the angle that I have just disclosed, and our conclusion is this: You ought, as far as lies within your power, without interfering with the War Industries Board, to be permitted to liquidate, and be assisted in liquidating, stocks now on hand. We cannot determine, and you cannot determine, how that liquidation can be brought about without a pretty accurate statement from each manufacturer as to the condition of his partially manufactured stocks and the condition of his raw materials and the amount of raw materials now on hand with which to complete the work in hand. We want to put all the manufacturers just as nearly on an equality as it is humanly possible to do; with a statement from each manufacturer as to the condition of his stocks and raw materials, we could determine—Mr. Hanch could determine—what amount of material and supplies each one of them would need to match up and to liquidate. If the filling of your requirements will interfere with the war program, you won't get it. If they can be met without interfering with the war program, we will do everything reasonably within our power

to give it to you, with this restriction, that no one manufacturer shall produce any passenger automobiles exceeding 25% of what he produced the corresponding period of 1917. The situation is just that acute, Mr. Chalmers. We are not singling out your industry.

Mr. CHALMERS. That is the beginning of the end. You may not pay any attention to what I say, but this is the most serious mistake you have made down here. It means that these men will have to go to the War Department and ask for postponement of dates of delivery or cancellation of contracts. Here is another issue. Ford has been able to get his steel. This won't affect Henry Ford at all. Now, how is he doing it? He is getting this steel, that is sure. Henry Ford has been favored down here, because he has got his requirements, he has got his steel. Here is one concern—the Lexington-Howard Company—they came down here and begged to get $190,000 in steel, and they would sign an agreement to go out of the automobile business, but they didn't get it. If you put that act through, you will precipitate the worst panic the country has ever seen; and I am your friend in telling you so. It is really ridiculous to put such an order into effect. They will have to go out of business. You might as well appoint a receiver for the State of Michigan, for it means a panic in the country—absolutely so. There are over 300,000 men in Detroit in the automobile industry, and for you to do that now will certainly mean a panic. If you were to save 25%, even then 25% wouldn't be enough to keep the organization alive; but you say, "We want you to liquidate, but at the same time you can't ship over 25%", and when it is shown that the great purchaser, Henry Ford, with his $400,000,000 plant, can be favored and get his steel for the production of fifty or sixty thousand automobiles a month. I think there will be some question. We know Ford is getting his material; but, of course, we don't admit there has been any discrimination. He has enough steel on hand to go ahead with his production.

Mr. REPLOGLE. He would also have to come down to the 25% basis, which would extend that inventory out.

Mr. CHALMERS. I don't say you have been unfair; but I make this statement, that Ford is favored in this thing by the very working of this thing. When the man that I told you about representing the Lexington-Howard Company——

Mr. REPLOGLE. Who did this man go to?

Mr. CHALMERS. To somebody on the priorities committee.

Mr. REPLOGLE. He hasn't been to us.

Mr. CHALMERS. Of course, this arrangement will affect our financial arrangements with the banks. It is absolutely confiscation of the industry.

Judge PARKER. We have been told that since last November.

Mr. CHALMERS. I think there has been an honest effort to live up to that 30-percent curtailment. I contend we ought to have a longer period with no restriction of 25 percent to match up our inventories and liquidate.

Mr. BARUCH. But you can't get the steel; we can't give it to you. If you would like for us to say, "We don't want any restriction; we will do the best we can"; we can say that, but you won't get your steel; that is all. If you simply want to go along on a hand-to-mouth policy, very well. We have shut down on the steel. You won't get any more one way than the other.

Judge PARKER. There are several manufacturers who are not getting their material; the refrigerator manufacturers are not getting theirs.

Mr. CHALMERS. Well, of course, it is up to you to issue that order officially, but you couldn't expect them to agree to any such order as that. It simply means that the manufacturer is making a contribution of all his business.

Judge PARKER. He is caught by these war conditions; we didn't make them; you didn't make them.

General JOHNSON. It seems to me that what Judge Parker says is something to guide you.

Mr. CHALMERS. You restrict that to only a 25-percent shipment; wouldn't it be to your interest to clear up that inventory as quickly as possible to leave these plants for war work, because the banks probably won't renew their paper for a period of two years.

General JOHNSON. What Judge Parker says really means, how much steel the War Industries Board will attempt to get for you.

Mr. CHALMERS. I think they would rather take the chances on that. They would rather take the chance than to agree to a thing of that kind. The thing might break in some way; production might increase and the steel be available.

Mr. BARUCH. If it does increase, of course, or the war needs decrease, we certainly would give it to the industry.

Mr. LEGGE. The needs are 5,000,000 tons in excess of the possible maximum production of the country; that is the known definite needs. We have a schedule today for a six months' period, and it has grown steadily worse every month. The deficit is greater than it was previously.

Mr. CHALMERS. A definite order like that would do more harm than to go on on a hand-to-mouth policy, as you say.

Judge PARKER. But you won't get any material.

Mr. CHALMERS. You don't assure us that we are going to get any this way.

Judge PARKER. No; we can't do that.

Mr. CHALMERS. It can't be carried out without ruin. Mr. Hanch, who is now official with you, will back me up in that.

Judge PARKER. Your fiscal year begins when?

Mr. CHALMERS. The first of July, most of them; some of them the first of January.

Judge PARKER. Beginning with July 1st, we will say that we will attempt, on the terms outlined, to assist you in getting material to match up your stocks on hand, with the understanding that no one plant will, during the period beginning with July 1st, for a year, manufacture for that time more pleasure automobiles than they manufactured in the same period of the preceding year. Now, you can manufacture those in two months or three months or four months, but with the understanding that for that period you must curtail your production.

Mr. CHALMERS. In the practical working out of this thing it would apply monthly.

Mr. BARUCH. If they want to make this 25-percent production in three months, it would give them 100 percent for their time. It might be that in that time the situation would change.

Mr. CHALMERS. Suppose some of these plants have material on hand for 50-percent production of last year's output; it would take them, under your plan, two years to clean that up, not being able to produce over 25 percent.

Mr. REPLOGLE. A number of manufacturers have made demand for a uniform restriction, regardless of the amount of material that anyone may have in stock. There has got to be, as we see it, a uniform basis of restriction.

Mr. CHALMERS. If I have got 10 million dollars' worth of stock on hand and some other fellow has only got 2 million on hand, I ought not to be held down in direct ratio to him, because it would take me so much longer to liquidate.

Mr. REPLOGLE. Ford happened to be in that position; he happened to have an enormous stock of material on hand, and he has been operating at a far greater rate than you gentlemen in the organization. The very argument that you used this morning is what the Board is trying to prevent.

Mr. CHALMERS. This is liquidation. It means going out of business for the period of the war. It ought to be that these companies can liquidate and get out as quickly as they can. When you made this rule last spring you didn't limit it, and the idea was, and Mr. Leek went into it in great detail with us, we were to be allowed to liquidate, get our cash out of this long inventory and go out of business. When you get all this information which I agree you ought to have, when you get down to a uniform thing, with reference to future production, if we liquidate all this in six months——

Judge PARKER. Your position is right, under normal conditions, but these conditions are abnormal. I think the industries should be put on as near an equality as they can be. They are coming to the Government now for assistance, and in extending that assistance, it must be on such terms as will put them on an equality, as nearly as possible. Now, the mere fact that one company has been foresighted or has hoarded, it ought not to have the advantage of its hoarding, whether we reach any agreement or not. It may be that in the public interest the Government will have to lay its hands on these stocks and take them for war purposes. In all probability, if there is any great hoarding, if there is anyone there that has stocks which will enable them to produce exceeding 25 percent of its passenger-car output for the ensuing year, my guess is that the Government will have to ask it to surrender that or will have to seize it under commandeering orders. We need steel just that bad.

Mr. BARUCH. Now, Mr. Chalmers, we have no objection to having you see what the schedules are.

Mr. CHALMERS. Of course, the automobile industry, gentlemen, including Ford, has got now pretty close to a million dollars worth of war work. Now, that is a serious thing—you want to look at that, because that is a matter that must be taken care of by them—their ability to fill these contracts. If this labor is dissipated, all these contracts that they have got for Liberty motors, Liberty planes, tanks, tractors—most important things—which I told you this morning

were in the preparation stage—of course, if we let these men go, none of us can afford to keep them for three months, they cannot fill their contracts. That is all there is to it.

Mr. BARUCH. What do you think we ought to do?

Mr. CHALMERS. I think you ought to let these men liquidate their inventories, and we would reach some conclusion by the first of November or the first of January as to future production. We couldn't get a pound of steel out of you today that you are not willing to give to us.

Mr. SUMMERS. Our point is that you are not immune from seizure on your raw material.

Mr. REPLOGLE. There is a shortage of steel all over the United States.

Judge PARKER. If you will write today, the steel mills will tell you that they cannot fill your orders now without interfering with war work, where the deliveries are required now or will be required by the time your order can be filled. The government orders are not placed for specific deliveries. They are rated according to the time they are needed, and if you have a "C" rating and you want delivery the day after tomorrow and the mill can furnish that without interfering with an "A–1" rating for delivery six months from now, they are at liberty to fill your order; the mere fact that the "A" rating is six months from now doesn't interfere with the filling of your order, but they will tell you, as Mr. Replogle said, that they cannot fill an automobile order now without interfering with something that is needed now.

Mr. BARUCH. I wish you would repeat what you said, Mr. Chalmers, to go on record.

Mr. CHALMERS. I say it would be much better than to put a ruling of that kind into effect to let these companies go on as they are, taking their chances of getting material to even up these industries, because without discrimination on your part, we feel that we can get some steel—that is, we may get some. Now you are not going to discriminate against this industry in favor of any other nonwar industry. It would be better for us to go on as we are than to accept that kind of a ruling.

Mr. BARUCH. I don't see any objection to accepting that.

Judge PARKER. The steel mills won't fill any order except under priorities or permits. Now they can't get steel except under priorities or permits and we cannot get them priorities or permits for any amount unless we know what they are entitled to in order that we can put them on a par with other industries.

Mr. HANCH. I would like to know how this will work out. Take this company that, as you say, got 50 per cent; it would run two years on the 25 percent basis; assume there is another company that from its past history has got a license to live but it has only got 10 percent of its inventory on hand; how will it be treated when it makes an application for priority, and how will the one that has got 50 percent be treated?

Gen. JOHNSON. Then you are kicking on the amount?

Mr. HANCH. This is entirely the distinction between curtailment and liquidation.

Gen. JOHNSON. Where is the dividing line?

Mr. HANCH. I don't know.

Gen. JOHNSON. What about fuel?

Judge PARKER. If there are those who have a surplus stock of raw materials on hand over such as is necessary to produce 25% in the present year, my thought would be that it ought to be given material to match up in order to produce 25%, with the understanding that it would relinquish the other stocks to the manufacturer who did not have enough to produce 25%, so that they would all be put on a parallel.

Mr. CHALMERS. But the stock is not interchangeable.

Judge PARKER. I don't mean that this could be worked out to a mathematical certainty, but that it would be the general plan for you gentlemen and Mr. Hanch to work out so that no one would have an average over the other, so that they would all be put on a parallel. We want to treat every one with as even-handed justice as it is possible to do, and the mere fact that one company may have enough stocks on hand to produce 75% of its last year's production ought not to put it in any better position or give it any advantage over one that could only produce 10%.

Mr. CHALMERS. Here is another consideration: there are all these dealers through the country and these dealers have a large investment; they, of course, are absolutely flat out of business.

Judge PARKER. That is one of the uncertainties of the war.

Mr. CHALMERS. If you put that order into effect, you will ruin the automobile industry. I think it is for you to save their interest in their business and then talk about your curtailment.

Mr. SUMMERS. You are assuming a supply of steel available when there isn't.

Mr. CHALMERS. We are willing to take our chances. Get your 100% war program. We will take our chances of the situation in steel breaking. You are going to force a situation of starved industries in this country; you are accumulating a lot of war materials that cannot be shipped, and when that is shown and the industries are killed you will find yourselves in a storm of criticism.

Judge PARKER. I am willing to go to the bat with you right now at the elections, if you please, as to whether we will give the boys in khaki their supplies or give the automobile industries theirs.

Mr. CHALMERS. I am not advocating that you don't, and if I had to to win this war, I would put the automobile industry out of business, if I had to to win the war; but in the absence of definite proof that you are going to use all this, and ship all this, that is a different proposition.

Mr. BARUCH. And you would rather take the chance on keeping the industry going?

Mr. CHALMERS. I am telling you this, and I think it is my business to tell you because we are not going to sit here and bow our heads. We are the third largest industry in this country, and with all the men we employ and all the obligations we have to our parts people, all the money we owe our banks, we cannot surrender to this. I am only here representing the Association. I am not trying to show you our side of it. Now, if you need all this steel—Mr. Baruch, please don't misunderstand me—if you need this steel, we won't get a pound of it in the next six months, but we are willing to take our chances that the production of steel will be increased or that there

will be a slight diminution in the amount of shipments. If you know what is going through to be shipped, then go and talk to Mr. Schwab as to what the tonnage is going to be. Gentlemen, you have a second thought coming, now that is all there is to it, and in the meantime you have killed industry. You have got to take into consideration men employed on war work who cannot be immediately transferred from automobile work to war contracts. Would you let them go? What is the War Department going to say to that thing when we promised delivery in October and November? I am talking about tractors now. We are shipping two a day. We have got to get up to ten a day. There has got to be a change in government contracts if the automobile industry is killed. We haven't the ear of these people down here to get war work. We have been trying ever since Mr. Buick first took this up; that is, in January, we have been trying to get war work for our people, and gentlemen, it is the hardest thing in the world. If you do this, gentlemen, I want to tell you right now that you are going to set back the war work from ninety days to six months. If you want to do that, all right; but you ought to think over these facts, and it is my duty to lay the facts before you. What difference does it make to you? We are not using freight cars to any extent. In many cases we have got nine-tenths of this material. Take that concern I spoke to you about—the Lexington-Howard Company—they wanted $90,000 worth to complete $2,100,000 worth and get out of business. They are willing to go out of business, and why would you deliberately force them out in this way?

Gen. JOHNSON. Let me ask you a question: If you don't make some such rule, when the representative of some company comes to Mr. Replogle and asks for steel, what is Mr. Replogle going to say to him?

Mr. CHALMERS. I say we ought to get into your hands, and we can get into your hands in a week, a detailed statement of all the requirements.

Gen. JOHNSON. What is he going to say, presuming that he has this statement of stocks on hand, what is Mr. Replogle going to say to Bill Smith when he comes in for steel?

Mr. CHALMERS. You can say to us, "All right, go ahead and liquidate these inventories, but not produce more than 60% of what you did last year."

That isn't going to amount to anything. You can't heat your plant for war work, and not heat it for automobile work. Mr. Baruch, you are in the banking business, let me put this proposition to you. Suppose I went to you, suppose I owed you $600,000, and I said, "Here is what the War Industries Board has done to me. I am going to liquidate this inventory, but I can only produce 25%. I have got 60% in motors and transmissions and axles—on that basis it will take me two years and a half, so I must get renewal of this paper for two years and a half, but I have no assurance that I can continue in business, none at all, I am only liquidating."

Mr. BARUCH. If they had followed out the understanding with the War Industries Board that they wouldn't proceed with their program—have they done that?

Mr. CHALMERS. I think there has been an honest effort to live up to the curtailment, but we are willing to take our chances if you don't

discriminate against us. If you don't discriminate against us, then we will take our chances.

Gen. JOHNSON. I move that Mr. Chalmers be requested to get in exact figures as to what would be required to balance up the steel in the country, as the industry stands. Then we would know how much steel we would have to give you, to balance up the stuff on hand.

Mr. BARUCH. We are going to get these figures from Mr. Chalmers representing the automobile industry. He is satisfied, under the circumstances, to take his chances, wishing, of course, to feel that he can rest assured, and he can feel that—that we will not in any way discriminate against them. Although he knows the way we feel, he prefers to take the chance. Knowing that they will not get more than 25%, they prefer not to be put on a restricted basis and take their chances—the automobile industry will be satisfied to take the chance.

Mr. CHALMERS. If you will consider 30 to 40% restricted business. We have got to agree on a basis before we can give you anything.

Gen. JOHNSON. Suppose you arrange for each of these plants to prepare these statements and send them direct to Mr. Baruch.

Mr. BARUCH. Leave it this way—that Mr. Chalmers will proceed immediately by telegraph to get this information which Mr. Hanch will present in form so that we can understand it, and in the meantime, rather than come to any agreement, he would rather have the industry left in the position in which it is now, and if it is possible for any steel to be given to it, it should be given to it. He wants to feel, and I want to assure him again that there will be no discrimination against them because they have not entered into an agreement. We will have to use our best judgment, of course, as to where that steel is to go.

Adjourned at 2:30 p. m.

Mr. REPLOGLE. To give you the analyses of the principal products—On projectile steel there is thirty-six weeks' work, and much of it is very far behind, as much as nine months; that is, of course, directly United States and allied Government orders; on standard rails the orders now on the books of the rail mills are enormous, and we cannot see that we can increase that shipment without cutting in on the projectile steel. There is ninety-two weeks, at the rate we have been rolling—over a year and a half—right now on the books, and the Director-General is demanding heavier shipment of rails. On sheets, there is twenty-four weeks' work; on seamless tubes, there is twenty-seven; on structural shapes, despite the falling off of railroad construction, there is thirty-three weeks; on bars, the product in which you gentlemen are largely interested, there is twenty-eight weeks on the books now; on tin-plate, there is twenty-three weeks; on tubular product, pipe and tubes, which is another item that you use, twenty-eight weeks. Take the total, the average of shipments of all products, there is thirty-one weeks right now on the books of the steel manufacturers; that is over seven months, and the orders are coming in almost every week faster than we are getting them out. Now the direct Government necessities are being delayed in a great many places. It is true that at some shipyards we have a little surplus; but Mr. Schwab feels that we have to have a very greater tonnage than we are counting upon. There is the

case we had the other day of the six-inch shells for the British Government, for which they are in very urgent need—three or four months behind. Deliveries to some of our Allies are in frightful shape, and we've got to make that up.

The finishing capacity is greater, but the finishing capacity is limited by the amount of pig iron they can get and that in turn goes back to fuel and transportation.

Mr. DURANT. I think the points involved, Mr. Chairman, are these: In preface, I wish to say that we want to be helpful; we want to offer suggestions if possible that will relieve you of this situation; we want to help. We assume you want to administer this fairly and that you are going to do so. The point with me would be this, Mr. Replogle: Can we do anything to change conditions, improve conditions, by speeding up matters? That is the first point. Then, again, are the orders booked in such a manner that the requirements are spread over to meet everything that you need and still give to the industries of this country what they require to carry on their business, preserve their organizations, and avoid unnecessary disturbances? If you had twice as many tons placed on your books, the situation would be twice as bad. It is a question of whether that situation has been aggravated by putting the orders on the books for immediate deliveries when there is no real immediate need and that you couldn't use the material if you had it. Then, again, getting back to the first proposition, which has to do with the speeding up. Are the mills in operation today up to their capacity, to their fullest efficiency? I don't know whether we are getting the information correctly or not, but we read of some things and we hear of some things in general conversation, and we like to be specific. We like to get at the facts. But we do hear that this mill is running on a 60% capacity, another only running 75%, another only 50% of its capacity, and the question naturally arises, "What are the reasons?"

Mr. REPLOGLE. Pig iron.

Mr. DURANT. Can we increase the supply of pig iron and what would it be necessary for us to do to obtain the increase?

Mr. BARUCH. Those suggestions are referred to us daily; we have made every move possible to increase pig-iron capacity. It has been a matter of fuel and transportation; all of those things have occurred to us, and, no doubt, have occurred to you, because you have perhaps made a more intensive study of the situation. We don't approach this subject any different from any one of you; I realize this is a mutual problem and we have to look to you to help us, and we don't take from the producer of steel a market of steel. We don't want to take from the consumer of steel his ability to use it; but it wouldn't be well to have this production of steel lie around for no purpose. We want suggestions from you as to how we are going to meet the problem. Here is our problem: We have been trying to get a study along the lines that have occurred to you: "Will this steel be needed at the time it was ordered?" We have taken it up when the matters come up for priority and thrashed out there, and the users of the steel have to appear before Judge Parker to prove that they would be able to use it at that time. We do not want it to lie around the yards and the concerns close down. On the other hand, if there is a surplus, we want the manufacturers other than the essential war

need manufacturers to use it in such a manner that would be most helpful to the Government.

Mr. DURANT (To representatives of industry). I want to say to the representatives of this industry that Mr. Baruch has made a fair statement. I would like very much, as you have invited it, to have Mr. Dodge, if he will—and he is thoroughly practical and has made a pretty careful study of the situation—I would like very much to have him express himself as to what might be done to relieve the situation.

Mr. DODGE. Mr. Chairman, my opinion is that the entire question resolves itself and the Government should assist to speed up these industries that have slowed down. There isn't any question but that the steel mills are down; pig iron is down; shipment of ore is down; the whole industry has been allowed to lag. In my opinion, all of the power of the Government and your Board should be used to speed these industries. We should build new furnaces; new mills; if necessary, we should take every possible step to improve the transportation conditions, using the waterways, where possible, producing iron nearer the mines. The Government should step in and assist in every way. If a steel mill is down even 10%, the Government should go and find out why it is down, and remedy the trouble. I don't believe but that with proper Government assistance these steel mills could be brought up to 100% or 120% capacity. The steel mills don't know whether they are to roll Government stuff or our stuff. If the orders were placed by the Government as a private concern would place them, there would be ample supply to meet all demands. It should be the efforts of the Government to use their money to build up industries and not destroy them. It takes little ability to get a crowd of men down and say "You must cease manufacturing automobiles"; but it takes a whole lot to speed up all the other industries. Women are largely taking places of men and the country is rapidly adjusting itself to meet all of these requirements. The trouble seems to me that we are not getting sufficient Government assistance. We want the mills to have assistance, the furnaces, the mines. With some Government assistance there could be proper storage bins, so that a car wouldn't have to stay five minutes at a mine. Those are the things we need, Mr. Chairman; we need Government assistance. If this policy is pursued we would not have to be called to Washington, because it is necessary to curtail our business. No one ever questions in the least that the Government comes first; everyone knows that. But there is no reason for the Government's building stuff and storing it, as I was told yesterday, that couldn't be shipped in five years. Everyone realizes that you have had a tremendous task, and you have done it well; but I believe that every task could be improved. If you give us this assistance, if you give these mills and furnaces the proper assistance, we will have plenty of pig iron, and we wouldn't need to be curtailed; and if you would just take the material that you actually require, and let us alone, everybody would be satisfied. If you will take the material that you actually need that you can use, not taking stuff and storing it up that wouldn't be shipped in five years—take the stuff you require and can manufacture and let us alone, we believe there will be plenty to keep us going.

Mr. BARUCH. Applying, Mr. Dodge, to the remarks, which we are very glad to hear, the Government, of course, is trying to help all that it can these various mills, and tried to get them coal and transportation, but there were a great many difficulties in the way. There is no desire on the part of the Government to order a lot of stuff that it cannot use, and I should be very much interested to find out the class of material that you refer to, particularly when you said you heard they had ordered it and put it some place where they cannot use it for five years.

Mr. DODGE. I was at a conference yesterday, and that statement was made by a very high Government official.

Mr. BARUCH. Of course, we hear a good many statements, but we would like to have the facts on it. It may be true. The Government has a military and naval program which it must carry out. The program is a very, very large one. Certain things are required, our Government and military authorities say, and we have to meet those requirements. We don't want to take any steel from anybody else if we cannot use it ourselves, but certainly the military program, as we all say, will have to precede the civilian program. And if there is any possible way that you can suggest to this Board that we can speed up the production of steel mills, or anything that particularly interests you—you are more conversant with that than anyone else—we would be very glad to hear it. There hasn't been a day that this Board, through Mr. Replogle and various members, hasn't been after the fuel administrator and railroad administrator in order to get these mills the things that were necessary to use in the production of things that we all need. As to the steel mills themselves, and whether they are doing their share, Mr. Replogle can tell you that.

Mr. REPLOGLE. I think, Mr. Chairman, they are doing all they can do with the factors beyond their control—fuel and transportation.

Mr. DURANT. They say their orders are to run exclusively on Government work, and there isn't enough Government work to keep them running. The result is that they cannot run efficiently and to full capacity.

Mr. REPLOGLE. We have told them they must work on Government orders right away; if they have an excess of pig iron, we must have it.

Mr. BARUCH. I would like a specific report of that. Mr. Durant. We ought to understand each other.

Mr. DURANT. We have been studying it, Mr. Chairman, and we know you will appreciate any information we can bring you.

Mr. BARUCH. I do not know why any steel mill cannot run full capacity when they get a market.

Mr. DURANT. We are ready to have releases made on our contracts.

Mr. REPLOGLE. Due to the shortage of pig iron, they have been taking and applying it on Government necessities; and if there is a surplus, they can apply it on other contracts.

Mr. BARUCH. I can see no objection to placing orders. We tell you now, the condition of steel mills with Government orders——

Mr. REPLOGLE. As I have explained, there is no question but what the finishing capacity is in excess, or certainly up to the Government necessity, but pig iron, fuel, and transportation are the limiting factors. Are they to use that just as they please, without regard——

Mr. BARUCH. The war interests would come first, of course.

Mr. REPLOGLE. The war interests come first—the man still has a finishing capacity, and we want that pig iron.

Mr. BARUCH. It goes for war necessities.

Mr. REPLOGLE. At another plant?

Mr. BARUCH. Sure.

Mr. DODGE. What has Mr. Replogle done to increase the pig-iron production and scrap production?

Mr. REPLOGLE. We have done everything of which we are capable.

Mr. DODGE. In new furnaces?

Mr. REPLOGLE. I have discouraged the building of blast furnaces. The existing furnaces are not kept operating at full capacity because of lack of fuel. This is not a question of pig-iron and steel capacity.

Mr. BARUCH. In other words, you mean to say that if the industry was supplied with transportation and fuel there would be more steel?

Mr. REPLOGLE. Certainly. There would be enough. It would at least take care of a great portion of the commercial interests. We have even advocated the closing down of certain blast furnaces where the coke consumption per ton of metal is high and putting that coke out to more modern blast furnaces. One furnace can make a ton of pig iron with 1,700 pounds of coke and another furnace may take 2,500 or 2,600 pounds. That is very drastic, when a man who has a less modern furnace would have to shut down, but I think sooner or later it is bound to come to that point. That is the limiting factor, Mr. Dodge, the fuel—the coke. In that connection the Government is spending a vast amount of money right now. The manufacturers themselves are doing a great deal along that line. A modern coke oven today costs fifty to fifty-two thousand dollars, which is three or four times what it would cost in normal times. But the Government is encouraging that and advancing money to people who are prepared to build such ovens—in some cases advancing 100% to cover the cost of the byproduct oven, which Mr. Baruch has encouraged to the fullest extent. This will not be available for a long time to come, however.

Mr. DODGE. That simply carries out my viewpoint. What we need is the Government's assistance.

Mr. REPLOGLE. It is problematical just what benefit will be derived from those coke ovens. There are many cases where loaded cars of coke have been standing on sidings for days because of the inability of the transportation people to move them. I think that has improved materially, but it is still far from being solved.

Mr. DODGE. I would build my coke ovens and blast furnaces right at the mouth of the mine.

Mr. REPLOGLE. That is not practicable—I mean the net result as a whole is far better the other way. The gas you get from those coke ovens just displaces the coal you would have to haul to your steel plants.

Mr. DODGE. It appears to me that what you want is one big boss to get these departments together and shake them up and get results.

Mr. NOYES. It makes very little difference. Unless you put your blast furnace, coke oven and all, right at the mine, you would not save very much, as you would have to haul the coke to the blast furnace.

Mr. BARUCH. We have an important situation. We have been aware of what it was coming to for some time. We notified the industries of the country of what was coming. It is a situation we have got to meet. If it is possible for us to meet this situation without disturbing your industries, it is up to us to do it. We have given you the problem.

Mr. DURANT. I left Detroit at 11:55 Sunday morning. I never saw so much coal in my life—trains loaded with coal coming from Toledo and Cleveland. It looked good to me. All you wanted was a motor power, which you are going to get. That was done because you went at it systematically. You created your zones; you distributed it properly. You studied your situation, and we got through with very little disturbance. I am not making any plea for myself, and I know Mr. Dodge is not. I know that the people who come here to talk with you are not coming here with a selfish interest at all; they are coming here to offer suggestions; and, as I said before, while it is little foreign to steel, it has a great deal to do with the aircraft, which I am very much interested in. We have heard a great deal about the aircraft failure. So far as Liberty Motors are concerned, I believe in sixty days you will have more Liberty Motors than you can take care of; but just at the moment, with the speeding up of delays in transportation, and the enormous undertaking, which was not any too carefully considered because of little too much optimism, it looks like a failure. I put it right in the same class as the fuel. I believe the situation is going to be wonderfully improved so far as the Liberty Motors are concerned; I can tell you that it will be, and it would not require an investigator to go into it and spend very much time. What are we called upon to do?

I am pleading for the industry—the organization, the business of the country. We want these organizations. We have taken out of this poor discredited automobile plant—we have taken an organization that has been built up for years; we have put them on Government work, to a point where those men worked until it was absolutely shameful; they worked without regard to their own comfort, their own health, or anything else. Very well, we accomplished. Sometimes the Government could not use it because the information came incorrectly from across; sometimes the plan had been changed overnight. All that energy and money was wasted. We had accomplished that very thing—the thing the Government had asked us to do. What do we do with the men—do we throw them on the street? We put them right back to this discredited automobile institution. We have been following that for the last year, back and forth, and we want to save those men. From one division 116 men have been drawn—capable men drawn for service—and we were very glad indeed to have them go. We have given almost a regiment out of the General Motors Company. We want to save what little there is of that organization in order that we may hope for the next thing that comes. It is the machine guns we are testing—a proposition at Wilmington, that we may be able to go to the President with—a machine gun that will be put into the hands of the people and our boys—a very large quantity of machine guns beyond anything that was ever dreamed of. That is what we are working on. Last week, Friday, we voted to spend in the Dominion of Canada $6,000,000. That is to go into the

automobile business because the Dominion of Canada has planned to put into Canada its own institutions, instead of allowing American labor and other Canadian capital to come into the States because of the balance against them. They are forcing the American manufacturer, who is in a position to do so, to go into Canada and produce automobiles. What do they write me they are doing it for? They want to give employment to the men who are working in munition factories, and give employment to the men when they come home. I think it is a very reasonable thing to do. On one side we see constructive work, and on the other we are not going to see it gentlemen, we are going to fight for it—to protect this thing that made this company great. I would not be here if I had not been doing something last year.

Mr. NOYES. The actual facts of the fuel question are that the fuel situation for industrial coal is going to be immensely worse next winter than last, no question about it. It can be figured out by the ton. It is a business that cannot be placed in the hands of some Napoleonic man—in that respect it is unlike any other business. In any other business, I agree with the ideas of Mr. Dodge, any other business would say that it has got to be done. When you get to the coal business, you don't realize it is so far out of range. Remember that our weekly stunt is to produce twelve million tons of bituminous coal. We have gone through the whole line—there is not a single item from barge canals to little canals, the question of taking boats from the Lakes, from Montreal, and running them down to New England—when you get through all that, you are not going to be able to meet the demands for coal this winter. When the big war came on every railroad man testified that it was just taxing the railroads to do what the normal business of the country required to be done. Frequent embargoes were necessitated then. Now, you have put on such an enormous increase that it cannot be possible to meet it in one year, and the great bulk of that increase is coal. Three years ago you were mining 440,000,000 tons of bituminous coal; this year it is figured at the least estimate you must have 600,000,000 tons of bituminous coal. You will need 180,000,000 tons more than you needed a year ago. This is a problem you cannot conceive—it simply cannot be done. Somebody has got to take a short path somewhere. The increases used to average 50,000,000 tons of coal and there would be a struggle over that. This year, to supply the actual necessities that can be figured, you need at least 70,000,000 tons and possibly 75,000,000 tons more than you had last year of bituminous coal. Every pound must be carried on railroads that must be taxed in the same percentage on other supplies. There is going to be a world shortage of coal for industrial purposes this year over last.

Judge PARKER. That, gentlemen, is a statement. That is not reassuring but it is the result of careful analysis of facts as they exist. We have a Fuel Administration—I do not want you gentlemen to think for a moment that this Board has been slow on the job. We have not a hairy-fisted man here, but a man who is on the job early and late, and has a pretty clear conception of the task that is being cut out for him by the President [indicating Mr. Baruch]; he may get some of you gentlemen down here to help him solve these problems. But the conditions that Mr. Noyes has just explained,

we might just as well look clearly in the face. We have had the Fuel Administration and the Railroad Administration sit with us and consider these problems with greatest care, and the fact is that the abnormal demand made by the war has created a condition, especially in this eastern territory, where, with the existing facilities, it will be impossible to supply the war industries and the civilian populaton with the fuel they require to operate during the balance of this year. Effort has been made to devise other means and supply the fuel; plans have been set on foot to build boats to relieve the railroads—barges and tugs to relieve the railroad congestion. The Directors of transportation of the railroads have been sitting in conference here with the Fuel Administration and they have been urged and have promised to give precedence to the transportation of coal and coke and all that goes into the manufacture of pig iron and steel. Every possible effort has been made to speed up the production of pig iron which, as Mr. Replogle says, is the limiting factor in the production of steel. We are hopeful that that condition may very materially improve, but what we have before us today is that the immediate war demands, direct and indirect, must be met. Mr. Durant, Mr. Dodge, and all of you gentlemen, agree that there is no room for debate on that point—that the war demands must come first. Then, when that is done, if there is anything left for other demands, so far as this Board is concerned, we will not only be willing, but glad to work out a plan that your demands may be taken care of. But as we see it now, there is no use fooling ourselves, and fooling you—we cannot fool you if we tried—of holding out to you any false hopes as we see conditions now. It would not be possible to begin on the automobile business, because it is not our purpose to single out the automobile industry from any other nonwar industry—and right in that connection permit me to say that we do not brand the automobile industry as nonessential, we have eliminated that word from our vocabulary, but it is a nonwar industry, and there are a great many other nonwar industries. When the war industries, directly or indirectly, have been taken care of, then, if we can speed up the production of steel to a point that the nonwar industries can be cared for, in whole or in part, we will be just as happy as you are to do it.

Mr. GRAHAM. Is it a question of capacity?

Judge PARKER. Yes. In the last analysis it was the inability to deliver coal by the railroads to the industries as they exist.

Mr. LEGGE. It was difficult for me in a period of months to grasp what this situation was all about. I confess that I was taught to understand what Mr. Dodge says was one of the first difficulties—the big supply of coal that formerly came into New England from Nova Scotia fields was first stopped. The next item was the large supply of Mexican and Texas oil carried by tankers. These tankers were taken off because we had to supply the fleet of our Government, and other fleets, with fuel oil abroad. That meant that these industries up in the Atlantic woods had to depend on coal as the oil supply was cut off. The Shipping Board had 120 boats under construction in the Lakes, all of which was promised to relieve the situation. Ten percent of them were to carry coal from Hampton Roads—from New York to New England. Unfortunately things have occurred on the other side and the first fifty of the one hun-

dred seven have already been requisitioned to help General Pershing. That is how our plans got shot to pieces. Coupled with that, the character of freight must be moved from the Northeast corner. The railroads are handling 22% more freight in that Northeastern territory, east of Pittsburgh, than was ever handled before in American history, and it is nowhere near enough. They tell us they have reached their maximum—not only of motor power, but yards and terminals, and it cannot go much further. They are handling through each of these gateways in that country the maximum number of cars they are capable of handling. The B. & O. Railroad recently tried to get the coal cars to raise it to 250 cars a day. They absolutely fell down. It has not been one thing, but a hundred and one things to bring about conditions. The Government's building program of this year, in dollars and cents, is equal to the entire building program of any year prior to the war. Everybody believes we are not doing any building. Those are the facts, when you get down and analyze what has happened. Nobody likes this program here—Mr. Durant says it is destruction. We have gone behind every month for the last six months. There has not been one week that we have been able to meet our obligations from a military standpoint. We have been going back, back, back On top of that comes the call for an increase in the army of three million. Simultaneously comes a call from England, France, and Italy for more steel, beyond any estimate they have ever given us. They have got to come back to us for more metal—that is dumped right on top of the program. By the time you think you are to get some daylight, it gets worse. For us to sit in this meeting and not lay all the cards on the table, I think would be criminal. No one wants to stop you for a minute, and you ought to know something of what the problem is, and then, as the chairman says, if you can offer any suggestions to help us work it out, that is what we are here for. In this building program down here, our contractors notify us that we are up against it on concrete. The cement mills in the East will close down for lack of coal; the cement mills in the West will close down for lack of transportation. We ask the Railroad Administration about it, and they answer "Do you want to haul cement or haul coal?—tell us what to haul out. We cannot do anything unless we sacrifice some freight." If you gentlemen have a notion that this is a hobby, please get that out of your minds and get the idea of just how serious it is and tell us what you can do to help. It is not only to take care of our own Army—do not get a wrong impression—but when England ran short of material, they came here; when France ran short, they came here; when Italy ran short of material, they came here. Those allied nations are spending every month in these United States $500,000,000 for war supplies of one kind or another—half a billion dollars being spent on an average every thirty days, all of which has to come out and be taken care of somewhere, somehow. It is not for the consumption of the small Army that this country has abroad—we have got to take care of the other fellow. As I said before, we are going back. Deferred deliveries have grown on us week by week for the last six months—that is as I see the situation. Look at it and make the best of it.

Mr. BARUCH. I would just like to add another remark to those of Mr. Legge. The recent advance of the Germans has put them in control of the coal fields that were in France. Those that they did not capture, the roads and exits are within the range of the guns, and I was notified unofficially by the High Commission of France last Friday that France would have to look to us for coal. Her furnaces and mills would have to look for us to increase their supply of steel. We have got to meet the situation the best we can. When these demands are made upon us, we examine them very carefully. I don't think you gentlemen realize how, when an English order, Italian order, or French demand is made upon this country, is made for steel, or anything else, we look through it very carefully. We don't propose to let any industry in this country suffer when it is not necessary to suffer. We don't want to take anything from the automobile industries. We realize you gentlemen want to do just what we want to do. We haven't exaggerated in any way. We issued an order that no commercial lumber can be shipped into this zone north of the Potomac, for instance; so far are we behind in our program. Mr. Legge referred to the question of cement. We opened the Lehigh district; the railroads informed us: "If we get you the coal for that, you will have to shut down Bethlehem, Midvale, or some other plant." It was a question as to whether we should take the steel mills or cement. I think the conditions are improving. The railroads are getting themselves into better shape. We are going to give to the Railroad Administration as much in plates as we can for locomotives. The question of plates comes in there. It comes in the destroyer program; submarine chasers; shipbuilding program; and so on, and we can hardly spare any.

Mr. GRAHAM. Now, it may appear entirely infeasible to you; but I am quite convinced from what Mr. Legge says that the proposition is largely transportation. I feel that all you gentlemen and the railroads have done everything they can to use facilities to the utmost; but I don't think you have done half of what you might have done for the highways. Ten thousand trucks, for instance, applied to this hauling proposition, where the needs are very great, could move an immense volume of stuff; that would carry one million tons a day, all of which would be possible if you got enough of these vehicles, by construction or by commandeering, or by purchase of either new or second-hand vehicles, using trailers and tractors. It seems to me that you could move an immense amount of material. Since any curtailment would embarrass this industry, I think this a plan that would at once provide transportation and keep these companies' business and keep these organizations available to you, and they might have a very great utility.

Mr. BARUCH. Where would you take the steel from?

Mr. GRAHAM. I think a great deal of this steel is in existence. You could commandeer a great number of trucks. That involves no demand on steel at all; and moreover, if you are going to solve the transportation question, which Mr. Replogle has said is the vital need, you are immediately going to purchase pig iron enough and other materials enough essential for the making of your additional steel; but you could at once have a great many vehicles without the necessity of commandeering a pound of steel.

Mr. BARUCH. You mean now in existence?

Mr. GRAHAM. Yes.

Mr. LEGGE. In coal transportation, Mr. Graham, they would not be available for any great service. In merchandise, they could do a great deal.

Mr. GRAHAM. Yes; and that would divert freight shortage to hauling fuel. You would free a very great amount of your freight cars.

Mr. CHALMERS. There doesn't seem to be any difference in our efforts here, as to what we are trying to accomplish. We all agree that the war program must come first. I have been down here six months, and I know that the Departments have orders, millions of dollars' worth of stuff, that can't possibly be shipped for two years. Wouldn't it be better not to order that so fast, and avoid shutting up all these industries? Rather than take the drastic step, it is a question whether it shouldn't be for your part and ours to find out that whether or not these orders for steel and all these things are being placed in a way that they can be utilized at the time the product is finished, and whether or not we should not rush that so much and take care of the industries. We made a tentative agreement on this curtailment of 30%, which you are familiar with. This program seriously interferes with liquidating those inventories into cash at this particular time. The question for you and us to find out is whether the Government needs are immediate needs. The point of shutting off this industry should be seriously considered. The Government may find itself in a position to say: "We want your Cadillac plant or Chevrolet plant, for future needs; possibly we won't want it for nine or ten months." There is the point gentlemen.

Mr. BARUCH. I think the Board will agree with this: You can take three of your men and we will show you the program. This is your problem, gentlemen, just as well as ours—to see what your program is. We don't want to be arbitrary. I don't want to say to any industry "You can't do this and you can't do that." I know that if we've got to close the automobile industry, you will take your medicine. This is the problem as we see it; you haven't seen it yet, but when you see the picture you may see it in a different slant; you might make a suggestion as to how we can turn it out. I want you to see the complete program just as it stands. Here comes the railroad congestion and the elimination of the coal fields in France; that is very serious; and here comes a demand from Pershing for the new army; with every 100,000 or 150,000 men, means just so much material. Of course, Mr. Chalmers, it is perfectly evident that we don't want to buy and store a lot of stuff that we wouldn't get on the other side. We have taken that up with the Shipping Board, and they believe they can ship it.

Mr. CHALMERS. I think it is perfectly fair to have your committee get together with three of us—we want to get the facts.

Mr. DURANT. We are getting the picture this morning. We are thoroughly impressed with Mr. Legge's statement. It has been thoughtfully considered and clearly expressed. It was my intention to say at the conclusion, if you give us the opportunity to be of some assistance to you; if possible, let us work with you. That is all we ask; we cannot work without the facts, and if we can get them, we would be more than pleased to cooperate with you.

Mr. BARUCH. You appoint a committee of three, and, of course, we are telling you things which are military and have to be respected and cannot be made public. You will have to accept the judgment of those men.

Mr. FRAYNE. It is not to be conveyed again.

Mr. DURANT. We understand the seriousness of the game.

Mr. DORT. Mr. Chairman, I don't think that we have gotten quite the largest viewpoint upon this situation as yet. I don't think these men here, I know as for myself, I don't care anything about the shut down of my institution particularly, I would rather keep it running, but I do think when I came to consider in that instance there, we have got just in our own community a 100,000 people that are absolutely dependent upon that automobile industry. I don't know what is going to become of that. Now you spread that until you have involved 2,000,000 people, that their whole life is depending practically upon the automobile industry and you paralyze absolutely that life. I know that in our community it would absolutely paralyze it. I don't know what we would do up there. It is the same way in Detroit, but Detroit has some diversities of manufacture; Toledo has some diversities of manufacture. You take Michigan, Ohio, and Indiana today, the whole life of those States is practically involved in this industry. It doesn't seem right at all that you would take the same number of people virtually that you are going to put in France and paralyze the life and jeopardize the lives of practically as many people as practically the whole Military Establishment that we are going to put in France. I don't think there is anybody that questions the loyalty of the people there. The Government can have our industry, they can throw it into the river, but I don't like to see the whole community up there of 80,000, or 100,000 people right there, I am speaking for Flint alone, I don't like to see that whole community absolutely paralyzed and the life taken out of it. It is so serious that we must consider it. It is even worthy of some reflection with reference to your Government program.

Mr. BARUCH. You think we ought to continue the industry and take the steel away?

Mr. DORT. I don't think so. I don't think you should paralyze the industry.

Mr. BARUCH. We would even have to use the steel for one purpose or other.

Mr. DORT. I think it would be very much better to consider even dragging a bit on the Government program than to absolutely paralyze and destroy your own people here. That is just what you do. I don't know how you feel about it. I am in that community, I know you will destroy it. The credit of the working man who has bought his house on credit and is trying to pay for it, all this will go. I will be alright enough; it won't affect me at all, but it does affect 2,000,000 people and it does vitally affect at least 1,000,000 people—it will absolutely paralyze them. If that is destroyed, if we are obligated to shut down, there is nothing else we can depend on. There is nothing we can get to make or anything of the kinds—it is destruction absolutely. I say, just as you say, that you have got

to have so much stuff or you cannot carry out this work. You are destroying absolutely. There is no question about it—destroying absolutely the lives of hundreds of thousands of people and their credits and everything else, if their industries are shut down, absolutely shut down.

Mr. DURANT. I don't think it is necessary for me to say that this Board is going to thoughtlessly disturb business. That is evidenced by what we heard this morning. I shall be very pleased and I shall feel that my mission to Washington at this time has been of some good if following your suggestion of being permitted to appoint a committee to meet with your committee to discuss this situation and obtain the facts.

Mr. BARUCH. If you will appoint a committee of three to look into the facts, we will place the cards on the table so you can see what goes into the details of these figures that have been presented to you. These orders cannot be put aside, we will have to meet the situation, and I know you will no doubt help us meet it. This committee will be composed of Mr. Peek, Mr. Legge, Mr. Replogle, and Mr. Frayne. You will have to appoint three men who the others will have faith in and as a result of that you can take some action, and it must be taken pretty soon. You are concerned because you have this industry and the program ahead of you.

Mr. FLANDERS. Are there not a good many hundred Government trucks that are ready to go abroad, and we have not ships to ship them? The reason that I ask you is that they are motive power; they could help the situation considerably if you put them into operation until they are ready to go abroad.

Mr. GRAHAM. There is a very great amount of tonnage available that could do a lot.

Mr. FLANDERS. A thousand tons could be hauled on those trucks until such a time when they are ready to go abroad. It would not hurt them a bit.

Mr. BARUCH. We would be very glad to put that up to the Department.

Mr. FLANDERS. I think it is a thought worth going into. At the same time, those men operating those trucks would be trained when they go abroad.

Judge PARKER. That suggestion has already been made, but it is a constructive suggestion and may be worked out.

Mr. BARUCH. We believe the Meeting in this room has been all over the country. Every newspaperman will probably be outside of the door. I think we ought to make some kind of statement. We ought to make up our minds as to what we are going to say. Do you want to simply make the statement that these two committees have been formed for the purpose of bringing back to the War Industries Board a recommendation, after studying the situation? They will bring back a constructive suggestion?

Mr. DURANT. I am not in the position to serve with our Committee. We had originally four. We had Mr. Dort, Mr. Flanders, Mr. Willys, and myself on this Committee. I would be very glad to retire, because I want the men——

Mr. BARUCH. We will make it four; you can't get out.

Mr. DURANT. I want to make it just as serviceable a Committee as possible.

Mr. BARUCH. I think you better get together, for your own interests, with our people just as soon as you can, and they can go into the other questions about the other materials that are going to be just as troublesome as this.

(Mr. Peek, Mr. Legge, Mr. Replogle, and Mr. Frayne named on committee for War Industries Board, and Mr. Peek named chairman.)

(Mr. W. C. Durant, Mr. W. E. Flanders, Mr. John N. Willys, and Mr. Dort named on Committee representing the automobile industry.)

Adjourned 2:00 o'clock P. M.

694 Special Meeting of the War Industries Board held Wednesday, July 17th, 1918, at 11 A. M., in Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; General Johnson; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Judge Ritchie, Mr. Perkins.

Shells—Order with the Symington Chicago Corporation covering 1,000,000—155-m/m Shells.—The attention of the Board was called to the four propositions submitted by this company, viz:

(a) For forging and machining 5,000 shells per day, with buildings not capable of extension; estimated cost of buildings and equipment, $4,750,000.

(b) Same as the above, with buildings arranged for extension to 10,000 shells per day; estimated cost of buildings and equipment, $5,250,000.

(c) To build and equip plant to forge 10,000 shells per day, and to machine 5,000 with buildings arranged for extension by installation of additional machinery; estimated cost of buildings and equipment, $5,850,000.

(d) To build a plant to forge and machine 10,000 shells per day; estimated cost of buildings and equipment, $6,500,000.

695 After a lengthy discussion, the Board unanimously passed the following resolution:

Resolved, That the War Industries Board recommend that an appropriate contract be placed with the Symington Company, of Chicago, for the erection of a plant with capacity for forging 10,000 155-m/m shells per day and capacity for machining 5,000 155-m.m shells per day. The Board further recommends to the War Department the placing of contracts for the machining of the additional 5,000 shells with responsible companies, having existing plants in Chicago, which can readily be adopted and equipped for this work, and the Board offers its services in locating and erecting such plants.

In considering the above, there was submitted to the Board a memorandum, dated July 12th, addressed to the Director of Purchases, Storage, and Traffic, and signed by Major Merrill G. Baker, with other papers attached thereto.

Construction—Tank School at Tobyhanna, Pa.—There was submitted to the Board a memorandum, dated July 11th, addressed to Brig. Gen. Hugh S. Johnson, and signed by Lt. Col. George B. Walbridge, outlining the proposed construction of a Tank School at Tobyhanna, Pa. In said contract attention was called to the following:

(1) For your information will state that if the site at Tobyhanna is selected for the Tank School we will be able to construct same. The buildings will be made of regular barrack stock and, in our opinion, most of the Hemlock will come from the Central Pennsylvania District. The flooring, however, will have to come from the South.

696 (a) It will not be necessary for the turbines.

(b) This Department has included a figure for outside electric work

and plant, outside wiring, lighting, generators, engines, switchboard, and about 200 K. W. capacity.

(c) About 90% of the lumber will be obtained in Pennsylvania.

(d) It is only 35 miles from the Scranton coal mines and should not tax transportation. If it should, they say they can truck same from the mines.

(e) Our opinion is that most of the labor can be obtained locally, but will get further reports tomorrow.

Based on the above information, the Board sees no reason why this school should not be constructed as recommended. It is suggested that the same will be submitted to Mr. Powell, of the Railroad Administration, in order to determine whether or not the necessary transportation service can be furnished.

Shells—Proposed Contract with the American Car & Foundry Company, of St. Louis, for 155-m.m shells.—The attention of the Board was called to the proposed contract for forging and machining 155-m/m shells, including construction of plant to have capacity of 5,000 shells per day and to involve an expenditure of approximately $4,500,000. The Board is unanimously in favor of having this contract placed as outlined.

H. P. INGELS, *Secretary.*

697 **Meeting of the War Industries Board held Thursday, July 18th, 1918, at 11 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Summers; Mr. Ingels, Secretary; also Mr. Ritchie, Mr. Perkins.

Organization—Reading of the Minutes.—The minutes of the meetings held Tuesday, July 16th, and Wednesday, July 17th, were read and approved.

Organization—New Facilities Section.—After some further discussion, Mr. Peek advised that he would report later, giving his definite recommendations as to the organization of a New Facilities Section.

Labor—Conditions as Affecting the Production of Coal.—The attention of the Board was called to the effect on the production of coal due to labor. The Board was fully alive to the fact that everything possible must be done to insure the maximum production of coal. Mr. Frayne called attention to the large number of
698 miners that had been called into service by the draft, Judge Parker and Mr. Ritchie were requested to draft a resolution to Mr. Garfield, Fuel Administrator, expressing the opinion of the Board as to the necessity of getting deferred classification for miners actively engaged in the production of coal.

Building Construction—Handling of New Construction Projects for Civilian Uses.—In discussing the proposed policy to be established by the Board, regarding new construction projects for civilian uses, particularly those which may be classed as nonwar building construction. Before making any definite recommendations, Judge Parker was requested to draft a plan of procedure, the same to be submitted at the next meeting of the Board.

Steel.—For the information of the Board, Mr. Replogle read the following telegram from Mr. Schwab, regarding the conditions of the steel supply at some of the yards on the Pacific Coast:

SEATTLE, WASH., *July 17.*

MR. J. L. REPLOGLE,
War Industries Board, Washington, D. C.

My whole survey of the Pacific Coast indicates that your prediction of shortage of steel is probably going to be verified and I am satisfied that we are going to have unusual delay here especially if we ship the Japanese steel as contemplated. The Duthie Yard from which I am dictating this telegram have just laid off a thousand men due to the lack of steel there being
699 two ways idle. Their steel came from Otis, but Otis advised them that on account of Japanese shipment they were not able to ship here. The chief shortage seems to be in plates. Would it be possible for some of our steel companies to add several extra plate mills and if such mills were added would you have available such steel as might be diverted from other uses to the making of plates This question needs no answer until my return East but I telegraph you in order that you may think it over and consult with the steel people if necessary about it. I have wired Mr. Hurley that I am decidedly opposed to the shipping of any steel to Japan as long as we are short of steel for use in our own yards not so much from the tonnage of ships to be lost by such shipments to Japan but by reason of the destruction of the enthusiastic progressive spirit of production that is now in force and it will be fatal to us in our production if we are going to seriously delay these yards on account of shortage of steel. Am very much alarmed about this whole situation. Won't you please confer with Mr. Hurley about it?

(Signed) C. M. SCHWAB.

Shells—155 m/m Order with the Symington Chicago Corporation.—Mr. Peek reported the result of his interview with Mr. Symington, at which conference were present Mr. Legge, Mr. Bush, and Major Merrill Baker. Mr. Symington agreed that his organization stands ready to assist in educating the manufacturers selected to machine, not only the balance of the forgings produced at this plant, but to assist in any way possible towards meeting the Government's program for shells. General Johnson was to be so advised in order that this understanding might be incorporated in contracts.

The meeting adjourned at 12:45 P. M.

H. P. INGELS, *Secretary.*

700 **Meeting of the War Industries Board held Tuesday, July 23rd, 1918, at 10:30 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; General Johnson; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Summers; Mr. Ingels, Secretary; also Mr. Ritchie, Mr. Perkins.

Organization—Reading of the Minutes.—The minutes of the meeting held Thursday, July 18th, were read and approved.

Labor—As Affecting the Production of Coal.—After some discussion as to the best policy to establish in order to keep a maximum number of miners at work producing coal, the Board is of the opinion that the recommendations covering an effective plan should come from the Fuel Administration, and that this Board should cooperate with Dr. Garfield in putting such a plan into effect. The following letter was sent to Dr. Garfield stating the Board's position in the matter:

JULY 23, 1918.

DEAR MR. GARFIELD: There is daily being forced upon the War Indus-
701 tries Board the need for increasing pig iron and steel products. The production is being limited by the inability of the existing plants to secure an adequate supply of fuel of the kind and grade adapted for this production.

The present estimates indicate that not only will full facilities be required, but it will be necessary to expand the steel plants of the country. Obviously, this will not be effective unless we can obtain sufficient fuel of the character required.

The Board wishes to be recorded as being desirous of aiding you in making this increase and supporting your efforts to supply the labor for coal mines.

Very truly yours,

(signed) B. M. BARUCH.

Fire Prevention—Fire Protection of this Building.—Mr. Legge called the Board's attention to the report and recommendations from the Fire Prevention Section. This matter was referred to Mr. Legge with power to act for the Board.

Organization—Section on Railroad Equipment and Supplies.—Mr. Baruch stated that it had been decided to establish a section to deal with railroad equipment and supplies, and that he expected to appoint Mr. Flannery as Section Chief, but before making the appointment would discuss the matter further with Mr. John Skelton Williams.

Steel—Scrap-Iron Industry.—The question was brought to the attention of the Board as to the best way to deal with the Scrap-Iron Industry. Mr. Replogle stated that under the present arrange-
702 ment the principal scrap dealers are controlled and that allotments are made through his office. After a brief discussion it was understood that Judge Parker should proceed to hold his meeting with the Scrap-Iron Dealers, and that either Mr. Replogle or his representative should attend this meeting, and that between them they should work out a definite policy for dealing with this industry.

Steel—Prices Applying to Steel for Shipment to Japan.—In discussing the advisability of having the prices fixed covering pig iron and iron and steel products apply to shipments to Japan, Mr. Baruch was requested to bring this matter up at the meeting of the Super War Council to be held at the White House Wednesday afternoon, July 24th.

Steel—Resale of Sheets, etc., by the Pullman Company.—Judge Parker called the attention of the Board to the resale of certain steel sheets by the Pullman Company. It was decided that the ruling of the Board of July 11th would take care of such cases. It was further suggested by Mr. Legge that our records should show that the Pullman Company, before making this sale, had obtained the approval of the Steel Administrator.

Steel—Supply of.—Judge Parker reported his interview with the representatives of Mayor Thompson, of Chicago, regarding the steel required by Chicago for certain municipal improvements and
703 also called the Board's attention to the following letter addressed to Mr. Foster and signed by Judge Gary:

JULY 18TH, 1918.

Mr. CHARLES K. FOSTER,
Priorities Division, War Industries Board,
Washington, D. C.

MY DEAR MR. FOSTER: I happened to see Mr. M. J. Faherty this morning, and he told me of his recent very pleasant interview with you concerning a small quantity of steel required by Chicago.

Because of my general and patriotic interest in the question I am hoping that you will see fit to permit the purchase and receipt of the necessary steel for the purposes mentioned within such time as to prevent delay in the completion of the much-needed project.

As a matter of fact, we are keeping the Government and its allies well supplied with steel in all directions, and I see no reason to believe there will be any failure to meet the demands for military necessities. Our Corporation and others have been and still are increasing productive capacity rapidly. We alone are expending something like $14,000,000 per month in this direction. Mr. Replogle, because of the urgent demand of users of steel in building ships and otherwise, has been somewhat disturbed lest there should be a shortage of steel, but looking over the ground for the present and the future, I think, without doubt, we will meet his requirements. In fact, that is not only our effort, but it is our intention.

So I do not hesitate to say to you I think you would assume no risk of neglecting the Government's requirements if you take care of this small demand of Chicago.

Sincerely yours,

(signed) E. H. GARY.

Mr. Replogle was requested to draft a suitable reply to
704 Judge Gary, for Mr. Baruch's signature. It is suggested that in making this reply, Judge Gary should be apprised of the figures compiled by our Steel Administrator, showing that production will fall far short of the requirements, and that he should be asked in view of these figures to place himself on record *in writing* as to whether or not he thinks the steel companies of this country can deliver sufficient steel within the specified time to meet the requirements of this country and our Allies, also that he should be requested to state definitely as to whether or not he is in favor of furnishing Chicago sufficient steel to complete these improvements, in preference to delivering the steel to certain manufacturers, who have been of necessity compelled to curtail their production. Mr. Replogle was again requested to obtain the list which the Steel Committee of the American Iron and Steel Institute agreed to furnish, giving

(a) Total estimated production of pig iron, iron, and steel products.

(b) Percentages of this production that go into the various industries.

The meeting adjourned at 12:55 P. M.

H. P. INGELS, *Secretary.*

705 Meeting of the War Industries Board held Thursday, July 25, 1918, at 10:30 A. M., in Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; General Johnson; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Summers; Mr. Ingels, Secretary; also Mr. Ritchie, Mr. Perkins.

Organization—Reading of the Minutes.—The minutes of the meeting held Tuesday, July 23rd, were read and approved.

Steel—Supply of.—For the information of the Board, Mr. Replogle read the following letter, addressed to Judge Gary, in reply to his letter of July 18th, addressed to Mr. Foster, regarding the steel requirements of the city of Chicago for completing certain municipal improvements.

JULY 25, 1918.

Hon. E. H. GARY,
Chairman, American Iron & Steel Institute,
71 Broadway, New York, N. Y.

MY DEAR JUDGE: Your letter of 18th inst. addressed to Mr. Foster of the Priorities Committee was the subject of some discussion at the War Industries Board meeting yesterday, and we cannot understand your position.

706 As the writer indicated to you in our letter of the 20th inst., it has been the policy of the War Industries Board to discourage civic improvements of this character which we do not think are essential to the National Welfare and which should be deferred until they could be done at a much lower cost and without using labor and materials which are urgently needed for war necessities.

Your statement that "We are keeping the Government and its Allies well supplied with steel in all directions and I see no reason to believe there will be any failure to meet the demands for Military necessities" is entirely unexplainable to me, in view of the fact that despite almost daily demands of the Railroad Administration and other Departments of this Government for increased steel so vitally needed, you have been supplying in some cases just about half of what these actual necessities are.

The Italian Government this morning were strenuously objecting to nondelivery of 21,000 tons of rails placed with the Lackawanna Steel Company November 1, 1917, on which only 2,645 tons have been delivered. Owing to changing conditions they have not pressed hard for this tonnage, but their situation has now become such that they must have immediate delivery, and I think you appreciate that if we instruct Lackawanna to execute this order it will further delay our own railroad programme. We need at least 60,000 tons of rails every week to meet the requirements of the United States and Allied Governments, whereas our shipments for the past six months were at an average of 32,640 tons.

We have allocated 60,000 tons of axle billets to Illinois Steel Company which are needed for manufactnre of railroad cars and today have their advices that they cannot commence delivery until next year, which, of course, is entirely out of the question. Those must be supplied promptly.

We appreciate that the steel manufacturers have been doing their utmost to meet the demands, but they are certainly not justified in stating that they are supplying all demands because this is not in accordance with the facts.

We have found it absolutely necessary from time to time to make certain restrictions in the consumption of steel by various nonwar industries, including the automobile industry, and we are certainly not justified in doing this if there is no shortage of steel. Neither can we defend our position of restricting exports of steel to Japan and other countries so badly in need of steel unless there is an acute shortage here.

707 It is not possible to make any exact statement of our requirements for the balance of this year, as the Military programme and necessities are changing from day to day, which involve great changes in the amount of material needed, but our preliminary estimates show in the last half of this year steel requirements of about 21,000,000 tons, and that there is a serious steel shortage I do not see how anyone can dispute.

In projectile steel, for instance, we require 115,000 tons per week for the balance of this year, as compared to average shipments during the first half of 1918 of 78,867 tons. In plates we require 130,000 tons weekly as compared to first half shipments of 86,062 tons; in rails the requirements show 62,000 tons as compared to shipments during the first half of 32,640 tons; in structural shapes the requirements are 60,000 tons as compared to shipments during first half of 32,500 tons; in merchant bars requirements are 129,000 tons as compared to shipments during first half of 113,240 tons; in sheets the requirements show 30,000 tons as compared to shipments during first half of 49,737 tons; in pipe the requirements show 64,690 tons as compared to shipments during first half of 58,787 tons; in tin plate the requirements are 30,000 tons as compared to shipments of 20,000 tons; in seamless tubes the requirements show 5,670 tons as compared to shipments of 5,310 tons; in wire and wire products the requirements show 50,000 tons as compared to shipments of 48,652 tons.

The Railroad Administration representatives were here again this morning demanding why we are not getting up to the rail shipments which we had promised them. They have consented to substitute about 300,000 tons of Bessemer rails for an equivalent tonnage of open hearth rails placed with a number of the mills and we are getting details of the sections and railroad companies involved and this will help your situation to some extent, but we can expect no material additional help in this direction. We understand, however, that your committee believes that we can count on a minimum of 50,000 tons under the present conditions, and would like to know if you cannot immediately get up to at least 60,000 tons weekly, as nothing under this figure will satisfy.

It is understood that the shipments for the first half of the year were curtailed on account of the fuel situation and that the shipments since that time have improved considerably, but in no one week have they come up to the requirements in the important lines, such as rails, plates, projectile steel, etc. It is also to be expected that our troubles in fuel and transportation are not over and that we will again be up against somewhat similar conditions later this year; as a matter of fact, we have advices from a number of steel companies that a considerable tonnage is now being lost on account of insufficient fuel, one of your subsidiaries Illinois Steel Company, advising that they are losing about 40,000 tons per month.

708 If we could accept the belief expressed by some of the steel manufacturers that there is no shortage for steel, we certainly would not feel justified in asking for the 100% fuel supply preference for the steel mills, which is generally recognized here as being vital to our war programme, as many other important war industries are suffering from a shortage of fuel which could and should be taken from the steel mills if they had sufficient capacity to produce material such as involved in the Chicago project without vitally affecting the war programme.

We would appreciate your advices in this matter.

Very truly yours,

(signed) J. L. REPLOGLE,
Director of Steel Supply.

Labor—As affecting Production of Coal.—For the information of the Board, Mr. Baruch reported the results of his interview with Dr. Garfield and others, regarding the shortage of labor in mines, due to the enlistment of so many of the miners. It developed that even though the expert miners have been given class 2 classification, they are voluntarily enlisting. General Johnson stated that this would continue until there is a ruling prohibiting any men within the draft age from volunteering.

Steel—Increased Production at St. Louis.—Mr. Replogle called the attention of the Board to a memorandum of July 23rd from General Johnson, in which it is recommended that the Scullin Steel Company be encouraged to erect additional Open Hearth furnaces, together with blast furnaces and byproduct coke ovens. Attention was called to the action of the Board on June 11th, 1918,

709 at which time the erection of two 500-ton blast furnaces, with the necessary battery of byproduct coke ovens by the Mississippi Valley Iron Company was approved. This matter was referred to Mr. Replogle for his recommendations.

Congested District—Placing New Contracts Within.—The attention of the Board was called to the proposed contract with the Ford Company for the erection of a plant at Newark, New Jersey, for assembling submarine chasers, material for which will be fabricated at their Detroit plant. Before taking any definite action, Mr. Legge was requested to obtain in writing a statement from the Fuel Administration, Railroad Administration, and the Power Section of the War Industries Board as to whether or not the necessary service can be furnished without seriously affecting other operations within the District. Admiral Fletcher was requested to ascertain as to whether or not the Navy Department expects to place further contracts with the Ford Company for this type of Chaser.

The meeting adjourned at 12:20 P. M.

H. P. INGELS, *Secretary.*

710 Meeting of the War Industries Board held Tuesday, July 30th, 1918, at 10:30 A. M., in Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; General Johnson; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary.

Organization—Reading of the Minutes.—The minutes of the meeting held Thursday, July 25th, were read and approved.

Organization—Appointments.—

(1) Mr. J. Rogers Flannery was appointed Chief of the Section on Railway Equipment and Supplies.

(2) Mr. Charles Edgar was appointffed Director of Lumber.

Organization—Closer Coordination with the War Trade Board.—Judge Parker stated that, after conferring with Mr. Legge and Mr. Clarence Woolley, it was agreed that there should be closer coordination between the War Trade Board and the War Industries Board, so that the issuance of export and import licenses and the issuance of priorities will be concurrent. He was requested to submit a definite plan to the Board.

Organization—Facilities Section.—The following plan for creating a Facilities Section was submitted by Mr. Peek:

711 FACILITIES SECTION

A. The President's letter to Mr. Baruch of March 4, 1918, provides that the functions of the Board should be—

(1) "The creation of new facilities and the disclosing, if necessary, the opening up, of new or additional sources of supply."

(2) "The conversion of existing facilities, where necessary, to new uses."

B. These provisions inseparably connect the proposed Division on Facilities with the Section on Resources and Conversion.

C. It is estimated that the Government's building program will run well into the hundreds of millions of dollars and the proposed Division should be able to introduce an element of uniformity in operation which will result in saving a great deal of time and a great amount of money.

D. Under existing conditions, where all important points affecting a new project may not be considered, mistakes may be made in various ways, such as location, difficulty in securing fuel supply, building materials, etc., which might be avoided. In many cases, new facilities are created when it is quite probably that a proper disclosure of existing facilities of the country would show the lack of real necessity for creating new facilities, in part, at least.

This Division should absorb the Committee on Emergency Construction, and
712 generally speaking, its functions should be to coordinate the activities of all departments and agencies of the Government in construction work of every kind, except shipbuilding. Specifically, it should undertake to advise with all departments and agencies of the Government undertaking building construction with respect to—

(1) The location of the proposed new buildings or facilities, with special reference to transportation, power supply, labor supply, fuel supply, available building materials, and the extent of interference, if any, with other Government construction and with present war industries.

(2) The selection and specifications of materials most available to avoid long transportation hauls, especially through or into congested districts, and to avoid conflicts with other war Industries.

(3) The adoption of contract forms and provisions to insure uniformity and consistency in all Government building activities.

(4) To compile, and from time to time revise, lists of responsible contractors and architects throughout the United States, equipped to undertake construction work of any character, and to have lists of such contractors and architects who are reliable, responsible, and experienced, available for any Government Department, and to keep such records of Government contracts placed with contractors as to insure the proper placing of orders so as to avoid interferences and thereby increase and facilitate production.

713 (5) This Division will not undertake to either prepare plans or approve plans made by others, or to make estimates, pass upon units of cost, make or approve contracts, or to select architects or contractors, as this responsibility should rest with the Department of the Government responsible for the work.

ORGANIZATION

F. The Director of the Division on Facilities should be appointed by the Chairman of the War Industries Board.

The members should be—

One from each of the main supply departments of the Government.

A representative from the Resources and Conversion Section.

A representative of the Railroad Administration.

The chief of the particular commodity section interested.

Perhaps you will want to consider also placing on this Division a representative of Labor, Fuel Administration, Power Section, and the General Counsel, although my idea would be to keep the formal organization as small as possible. It may not be necessary at this time to determine definitely just what the organization shall be.

Attached hereto is letter from General Johnson touching on this subject:

The Board approves this general plan, but no announcement is to be made until a man has been chosen to act as Chief of the Section.

714 *Congested District—Placing New Contracts within Ford Assembling Plant at Newark, New Jersey.*—Regarding the proposed order with the Ford Company for an assembling plant at Newark, N. J., to take care of Chasers, parts of which are to be fabricated at the Detroit plant, Mr. Replogle reported his interview with Mr. Schwab and Mr. Hurley, to the effect that the Shipping Board would, if necessary, assign a yard for the assembling of these Chasers, and would report definitely on Thursday of this week. Mr. Legge stated that if the proposed deliveries are made by the Ford Company, hulls for 60 of these Chasers will be in the water this fall, before navigation closes, leaving a balance of only 52 to be assembled. The Board is opposed to the erection of this plant at Newark unless additional contracts are to be placed for this type of chaser. No definite action will be taken until a report is received from Mr. Schwab and Mr. Hurley.

Steel—Municipal Improvements at Chicago.—For the information of the Board, Mr. Replogle read the following letter from Judge Gary:

JULY 29TH, 1918.

Mr. J. L. REPLOGLE,
Washington, D. C.

DEAR MR. REPLOGLE: I have read with much interest your letter of July 25th instant. My letter to Mr. Foster referred to the particular finished steel which was needed for the Chicago viaduct. As to those branches of the industry
715 I made inquiry and was informed by our people that there was no danger of any shortage. I know there has been a difference of opinion between you and our distribution Committee; but I hope and believe that subsequent deliveries will show that the Committee is right. Of course, we must take care of the Government first—and that is our intention. You know, without my reiterating, how much our Corporation has expended for this purpose.

The statement of the Committee as to how much steel will be furnished is, of course, based on the fact that the preferential fuel supply will be continued.

Hoping to see you soon, and with kind regards, I am

Sincerely yours, (signed) E. H. GARY.

The meeting adjourned at 12:00 noon.

H. P. INGELS, *Secretary.*

716 **Meeting of the War Industries Board held Thursday, August 1, 1918, at 10:30 A. M., in Room 909, G. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; General Johnson; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Ritchie, Mr. Perkins.

Organization—Reading of the minutes.—The minutes of the meeting held Tuesday, July 30th, were read and approved.

Organization—Vacations.—As the result of the discussion regarding vacations, the following memorandum, dated August 1st, was issued over Mr. Baruch's signature:

SUMMER VACATION PERIOD, AUGUST 1 TO OCTOBER 20, 1918

The Chairman of the War Industries Board requests that all Division Heads, Section Chiefs, and other assistants take at least one week's vacation, and preferably two, during the remainder of the summer season, if they can so arrange.

All employees who have been employed by the Board for at least four months prior to this date, and who can be spared without serious detriment to the work of the office, will be granted a vacation period of two full weeks with pay—this time to be applied against a total of twenty days' annual leave for the calendar year 1918.

717 The summer vacation period will expire October 20, 1918.

The particular vacation time to be granted employees of each section will be arranged for by Division Heads or Section Chiefs, the time to be covered by usual annual-leave slips in advance of the vacation.

W. B. MARTIN, *Chief Clerk.*

Approved:

B. M. BARUCH, *Chairman.*

Regulating the Cost of Living.—The Board was of the unanimous opinion that something must be done to stabilize the cost of living. The following resolution was discussed by the Board, plan of procedure to be determined later:

Whereas the high cost of living is daily increasing, which is causing great hardships on the working man and his family and the public generally; and

Whereas the abnormal prices charged the consumer for common necessities is creating a condition that is arousing a spirit of unrest and dissatisfaction which tends to demoralize the unity, harmony, and confidence of the public; and

Whereas there is grave danger of continued unrest and labor disturbances which greatly interferes with the National War Program; and

Whereas the determining factor in the winning of the war is that public confidence must be firmly established so that the fullest cooperation be obtained and maintained in support of the national policies: Therefore be it

Resolved by the War Industries Board, That we strongly urge that the prices of commodities be fixed at a fair rate to the consumer, and plans for this purpose will be made to carry out at once the aims and purposes of this resolution.

718 *Steel—Requirements for Emergency Fleet Corporation.*—Mr. Hurley and Mr. Schwab, of the Emergency Fleet Corporation, and Mr. Porchear, of the Railroad Administration, were invited into the meeting. After some discussion (verbatim copy of which is attached hereto, and becomes a part of these minutes), it was decided to give the Emergency Fleet Corporation 50,000 tons of plates per week, exclusive of Japanese plates, shapes, and bars to be increased proportionately.

The meeting adjourned at 12:45 P. M.

H. P. INGELS, *Secretary.*

Mr. SCHWAB. I have no doubt that Mr. Replogle has put the matter just as clearly as I could do it, but I will supplement what Mr. Replogle has told you. I have had prepared, with great care and with great difficulty, this absolute inventory of stock at every shipyard in the United States, and it was checked up by a private individual, Mr. Farrell, who thought we did not need this steel; but after checking it I may say that on comparison with his figures they were found to be practically the same. There was no difference. So that you may accept as accurate, as accurate as it is possible to make it, changing as it is from day to day, the statement submitted to Mr. Replogle relative to our steel. You will see from that that we have about 30 works, 30 of our most important shipyards, that need steel today, and the chief need is not so much the amount of steel that we are consuming each month, because if you ship us the 50,000 tons of plates a week, which was assigned to us for the whole of next year, that is as much steel as we can possibly consume; but what we need, and the point that we have overlooked and which Mr. Replogle has talked about from the beginning, is the fact that after these works start they need working capital to start on; they need a cushion of steel upon which they can run. What they have is not a manufacturing possibility. You have to have enough of the various sizes in transit through the shops, working, etc., to make it practicable; and in my estimate I have made it just as conservative as I possibly could, because I did not want to put any more steel there than is absolutely necessary for them to run on. Then, I think, as months go by that this stock may be reduced, for several reasons; first, because some of these firms had taken in large stocks before we assumed control of it, which will be greatly reduced; and, second, they will commence to operate in conjunction with the mills with more efficiency, so that we may need less. But I do say this, unreservedly and unqualifiedly, that unless I can get 15,000 or 20,000 tons more steel per week for the next three months, the enthusiastic progress that we are making today is going to be lessened; we are going to lose the effect of it, because you cannot speed men, or a set of men, up to enthusiastic production and then lay them off the next week because you have not the materials to go on. During my visit to the shipyards through the west, where I met 250,000 men, one of the commonest cries was, "Get us steel; give us steel and we will give you the ships." They are enthusiastic, patriotic; but when I go into yards like Duthie, which was perhaps more or less of a mistake, and when I go into other yards that are out of steel, where we are laying off men because we have not the steel to go ahead, the effect on the whole production of ships is indescribably bad. Therefore, I want to make every effort and every appeal that I know how to make to give me the steel that I need during this summer period when I can keep them going. Now, there is no mistake about the steel that has been allocated or in the allocation of it, and I have not the slightest complaint to make. It has been splendidly done, and any impression

to the contrary is wrong; but we have gone faster than we expected. In the month of June we turned out 100,000 tons more than our prediction, and we are going to go much faster; but to do this, gentlemen, if ships are important, you must give us more steel.

Mr. BARUCH. May I ask, Mr. Schwab, if you have got the necessary figures?

Mr. SCHWAB. Yes; I have gone over that with care. First of all, as to steel, I took Mr. Replogle's statement of what he thought we could produce with our added tonnages for the next year, and we have regulated the shipyards on the basis of the steel, so that I have the figures as accurately as they can be procured.

Mr. BARUCH. Mr. Schwab, you probably know what the producing capacities in this country are?

Mr. SCHWAB. Yes; I do.

Mr. BARUCH. Are you familiar with the requirements outside of your own?

Mr. SCHWAB. Yes.

Mr. BARUCH. Having these things in mind, I would like to have from you an opinion as to what you think to be the wisest thing for us to do. Here is the Railroad Administration; Mr. McAdoo wants rails, and more rails. The decision of this Board, the decision that you and Mr. Hurley must make, must be based upon this fact. What use or what purpose can any material be used for that will result in the quickest ending of the war? Now, shall it be locomotives, rather than ships?

Mr. SCHWAB. There is a little difference there. What we chiefly require is plates, and that in no manner would conflict with the production of the kinds of steel like rails; therefore, the question you have to decide is, will the production of plates for use in ships contribute more to the winning of the war than it will in cars or engines? That is the whole thing. Now, my only knowledge of that—I have no figures to show what they have, I have seen no inventories, therefore my knowledge is only such knowledge as would be gained by talking to various people in that line and from what I can gather from the Railroad people, the question of cars is not as much a pressing thing as we think, as we are generally led to believe. I have no right to give this—I am only giving an impression.

Mr. BARUCH. Of course, we have cut down Mr. McAdoo—I think to one-third—in cars; or 40%.

Mr. REPLOGLE. Not that much; to about 50%.

Mr. BARUCH. And in locomotives, what?

Mr. REPLOGLE. We are trying to give locomotives absolute right-of-way.

Mr. BARUCH. Locomotives go to two points—some of them go to the front and some to the Railroad Administration here, and the Railroad Administration gets the absolute minimum that we feel they are entitled to and the balance goes to General Pershing. From whom shall we take this steel in order to give it to you, or how can we increase the production of the country?

Mr. SCHWAB. First of all, the reason I telegraphed and wrote so much about these Japanese plates. I did not want them to go out, because if we could have had those it would have filled us out, but of course that was an inevitable condition.

Mr. BARUCH. That is a question we cannot go back on.

Mr. SCHWAB. But without knowing that, that is the reason I telegraphed so strenuously; but I do think that we could, for the next eight or ten weeks, divert from the cars and some of the other plate needs sufficient to give me what is necessary in the summer season to build ships. This shipbuilding is peculiar. Locomotives and cars can go on equally well in any season of the year, but if I am delayed in getting these plates for ships during the very season when we can do our best work, it is a matter of much more serious import than if I am delayed in the winter. For example, Mr. Baruch, if I could get, during the next ten weeks, or even a lesser time, an additional supply of steel, then during the period when they want steel, I am sure that I will be able to cut down; that is, the steel that you are shipping me today, the amount of steel that you are shipping me today, will keep us going at our maximum capacity if I once get steel to work on. But we ought to have that now. It is critical from every point of view.

Mr. BARUCH. How much are you being delayed by lack of plates?

Mr. SCHWAB. That is hard to estimate, Mr. Baruch, because a steel ship goes for six months.

Mr. BARUCH. Are there any delays now?

Mr. SCHWAB. Yes; just look at this list and you will see where the delays are. Every day I am hearing of delays.

Mr. BARUCH. Is that because you haven't been getting the 50,000 tons a week?

Mr. SCHWAB. That is one reason, and secondly, because we have gone much faster than we anticipated.

Mr. BARUCH. You underestimated your requirements?

Mr. SCHWAB. Yes; we underestimated our requirements.

Mr. BARUCH. How much are you falling below the 50,000 tons a week?

Mr. REPLOGLE. We are up now on plates to 50,000 tons.

Mr. SCHWAB. Take the weeks back.

Mr. REPLOGLE. 56,000 here in June; of course, way back in April we were delayed.

Mr. SCHWAB. That is the point.

Mr. REPLOGLE. Of course, it is all exclusive of the Japanese plates.

Judge PARKER. What was the date of the contracts between Mr. Schwab and the Railroad Administration in my office where the 50,000 tons was promised—that was some time in May, about the middle of May or the 1st of May. Now you promised 50,000 tons a week under certain conditions, including the Japanese plates. What has happened since the middle of May?

Mr. SCHWAB. A little bit behind, but not much. As an illustration of my point, the two firms that have given us phenomenal ships are the Skinner and Eddy plant of Seattle, and the Alameda plant at San Francisco. They are working at the rate of six 12,000-ton ships per way per year; they are turning out six 12,000-ton ships on every way they have got per year. There is a reason for this, which I shall tell you. When we started in this program Joe Tyman laid in a stock of 60,000 tons of plate; Skinner and Eddy did the same thing; they had a proper cushion to work on, and they have done three times as much per day or week as the average Eastern shipbuilding firm is doing today. I believe I can—I will promise you—I am just as sure as I am of anything in the world—that when we get to skinning these fellows down their production is going to drop off. They are build-

ing a ship to be launched day after tomorrow, and there is a 12,000-ton ship at the Union Iron Works that will be launched in 24 days.

Mr. BARUCH. We have got to cut our suit according to the cloth. There must be a limit, you know.

Mr. SCHWAB. If I had 200,000 tons of steel additional, 200,000 or 250,000, if I could have that additional steel in the next three months, then I will promise that what you are shipping will be sufficient.

Judge PARKER. Mr. Replogle, you have a list there of the requirements for plates from all sources. Now just what are they?

Mr. REPLOGLE. To answer the other question first. There are 43,340 tons up to July 1st per week since that time, including the Japanese plates, we have a little in excess, in the last four weeks, of 50,000 tons; we have gradually worked up. In the last 13 weeks, 55,706 tons to the Army, 61,000 tons to the Navy, 55,400 tons to the Emergency Fleet; total to the United States Government, 968,000 tons; 149,000 tons to the domestic consumers. Now there isn't anything in that except what was shipped on priority orders; total to foreign governments, 149,356 tons, a total of 1,276,890 tons.

Mr. BARUCH. What is the production per week going to be?

Mr. REPLOGLE. I don't think we can count on over 100,000 tons a week. Our production is falling off in this hot weather. The steel people estimate from 110,000 to 115,000 tons; personally, I think if you get 105,000 for the next two months you are going to be very lucky.

Mr. SCHWAB. This estimate of what we require really gives me a stock of only one ship per way ahead to work on. I can't do with less than that.

Mr. BARUCH. Say we want to give it to you, where can we get it?

Mr. REPLOGLE. All plates in the first half of this year were shipped on an average per week of 86,062 tons; the second quarter 98,218 tons, and in June, 99,075 tons. Now the weekly requirements for the last half of this year, and I think they are under rather than over the actual requirements, ought to show you these things, but this morning from the Requirements Division of the War Department is a request for 110,000 tons of steel for the Neville Island Gun Plant; I asked them if that was included in their estimate, and they said, "No." We boiled them down to the absolute minimum, because we told them hoarding steel is a pretty serious offense which might necessitate the government putting out a large amount of money to increase production, and they must absolutely be able to justify their figures. On these figures we must have 130,383 tons of plates per week. Now of that, the Emergency Fleet, exclusive of the Japanese plates, gets 49,806 tons per week, in addition to which they want this 150,000 tons.

Mr SCHWAB. If I had 15,000 tons a week additional, I would be safe.

Mr REPLOGLE. I am personally convinced that the least important—probably Mr. Porcher wouldn't agree with me on that—is cars. I am convinced of the absolute necessity of locomotives. I think I would put that ahead of the Emergency Fleet.

Judge PARKER. It is ahead.

Mr. REPLOGLE. That requires a comparatively small tonnage of steel. I believe it could be cut off cars for the Emergency Fleet.

Mr. BARUCH. You want 65,000 tons a week.

Mr. SCHWAB. For the next two or three months.

Mr. REPLOGLE. Roughly, the Railroad Administration want 35,000 tons a week.

Mr. BARUCH. We can't cut locomotives; how about cars?

Mr. REPLOGLE. 40,000 tons a week for cars, locomotives, and all purposes.

Mr. BARUCH. How much are cars?

Mr. REPLOGLE. Those are not divided. It would be roughly 28,000 or 30,000 tons per week for cars; 30,000 a week.

Mr. BARUCH. Priority, Judge, you recognize yourself, is a question that cannot be a fixed thing, because something unforeseen might happen and the case would have to be reopened. This is a practical rehearing of the case. Now I would like to hear what Mr. Porcher has to say.

Mr. PORCHER. I want to say, mostly with reference to Mr. Schwab, that he is a persuasive and convincing talker and we ought to give Mr. Schwab everything he asks for because he is Mr. Schwab, and because of what he has done, but with regard to the care especially, the situation with respect to them is, it seem to me, almost exactly as it is with regard to the ships as Mr. Schwab has presented it. There are eighteen car builders at work on this 100,000 freight cars that the Railroad Administration has let the contracts for, and they are scattered all over the country from Maine as far south as Tennessee and to the extreme southwest. They are beginning to work. They have not got, maybe, the same enthusiasm yet that the shipbuilders have, but they have the enthusiasm which is necessary in order to get these cars out by the time they should be obtained, and I earnestly hope that the needs of the Railroad Administration in that respect will not be overlooked; but on the other hand will be provided for to the fullest possible extent.

Mr. BARUCH. May I ask you this question, Mr. Porcher—Here is the question of the ships—how much would the railroad transportation of the country be affected in its efficiency by the postponement of the delivery of these cars?

Mr. PORCHER. Well, to be frank with you, Mr. Chairman, I will have to make an admission, which, of course, I do not like to make. The majority of the cars will not be ready for delivery until towards the end of the year, and they will come in at a time when railroad transportation is at the lowest ebb, but nevertheless, don't let's stop them in their efforts; don't let's break them down.

Mr. SCHWAB. May I interrupt to say that there is only this difference which we ought to bear constantly in mind—I should be the first to say, If I needed cars, give it to the cars, but this is the situation; your cars can be built as well in any season while ships can only be built to advantage during the summer season.

Mr. BARUCH. The point I wanted hasn't been answered yet. What we want is to devote our materials to the most efficient purpose, if I can put it that way, in the war. That is the question now. Whether that efficient purpose can better be obtained by continuing the present allocation or by taking away from some purpose like the building of cars and giving it to shipbuilding; whether the efficiency of the railroads is going to be lessened to a great extent. Of course, there

would be a loss of money, but the Government would have to absorb that in some way.

Mr. SCHWAB. If the delivery of these steel plates for the car-building program could be put off temporarily for 90 days, a part of it, the delivery of your cars would be a certain amount put off, but the shipbuilding program would be gotten in a position where we feel that we could get 100% efficiency.

Mr. HURLEY. The military program has been increased since we have been away and we are 1,000,000 tons short on shipping at the moment to carry on the program. The cars will be of no value unless these ships are there to take the cargo. If you have the cars and the cargo in New York and don't have ships, you would be putting the cart before the horse.

Mr. SCHWAB. In all our various industries today we have practically no difficulty because of shortage of cars.

Mr. BARUCH. You are on the preferred list.

Mr. SCHWAB. But we are in very serious difficulty because of lack of ships.

Mr. PARKER. It wasn't six months ago that you were in very serious difficulty because of lack of cars.

Mr. REPLOGLE. I don't even believe that. I think at that time that cars were lying at the mines loaded, in many cases three or four or five days; coal was loaded in those cars and it was a question, Judge, of motive power. They didn't have cars because there were loaded cars at the mines, but it was motive power that they lacked. The miners would go to work and there were no cars there to load. That was because they were not being moved.

Mr SCHWAB. Take the industries that I am familiar with. I know today that they have no question of cars. It does seem to me, in a case where we have a million and a half soldiers abroad, where we lack the ability to ship them a million tons that we ought not to let anything stand in the way of giving us ships if it is humanly possible. We are going to face other difficulties probably in the steel problem, but I wouldn't feel that I had been a patriot or that I had done my duty if I did not urge in every way I can the necessity of not losing one ounce, because God knows we have enough other difficulties, but the worst difficulty that can befall a shipyard is to lay these men off because we haven't got the steel to keep them going.

Mr. REPLOGLE. Would 60,000 tons of plates per week, which is the limiting factor, would 60,000 tons per week be enough, including the Japanese; and I see in the paper that you have made some trades with the Chinese.

Mr. SCHWAB. That doesn't amount to much.

Mr. REPLOGLE. Would that be sufficient for your purposes—that would be about 10,000 tons?

Mr. SCHWAB. If I had 60,000 tons of plate a week, I feel that we would be on easy street.

Judge PARKER. Now, Mr. Schwab, there has been no one a more ardent advocate of giving the Emergency Fleet everything it wanted than I

Mr. SCHWAB. I appreciate that, Judge.

Judge PARKER. And I realize the importance of speeding up the Emergency Fleet in every possible way, and I have a perfectly open

mind for this additional request for steel; I don't want you to feel by anything I have said that I am against you, but we cannot give you these additional plates without taking them from someone else. Now, where are we going to get them? The importance of increasing the production of fuel oil in this country must not be underestimated, the production of fuel oil in this country because of conditions down in Mexico. We haven't tankers to move the oil from Mexico. The Fuel Administration, the Fuel Oil Administration, is clamoring day after day for plates for the fuel-oil production, but we cannot give it to them. They want plates for boilers, for casing to increase the oil production. The Railroad Administration is clamoring for plates for their cars, as well as their boilers, as well as their locomotives. The requirements for the Army and for the Navy are very great; they are urgent war requirements. Anything that is not urgent, the Emergency Fleet is put way ahead on. Now, in that conference early in May you and Mr. Pease put your requirements at 50,000 tons of steel per week, including the Japanese. At the same time we promised the Railroad Administration a certain amount for their locomotive- and car-building program. That was very much less, you will recall, than they said that they would have to have. Now, they have made their program on the basis of getting these plates. You know the Emergency Fleet requirements better than any of us here, and I am personally willing to take your judgment on that. I want to say in passing, however, that we are bombarded every day for steel by people who come here. We have got to listen to their stories, and among other things we hear many, many times that the Emergency Fleet is getting more steel than it really requires. Only yesterday the statement was made to me that Bethlehem Steel does some fabricating as well as rolling; that Bethlehem had a lot of plates that it was waiting to fabricate because it did not have the specifications from Hog Island; that it had been held up for lack of specifications and that it had been waiting for weeks.

Mr. SCHWAB. That may occur, I don't know the specific instance.

Judge PARKER. I am not going into this in any offensive way or in any spirit of criticism, but we have got to look at both sides of the picture. We have heard that Submarine Boat and Federal Boat had more plates than they had any use for.

Mr. REPLOGLE. We have cut them way down, Judge.

Mr. SCHWAB. I don't figure that there is any possibility of our running at anything like our capacity unless we have the steel for one ship for each way ahead and I am sure that no practical shipbuilder will tell you that will be too much.

Mr. LEGGE. I don't like the word "cushion" that you used a while back.

Mr. SCHWAB. Well, I will use any word you say. What do you suggest?

Mr. LEGGE. Working inventory.

Mr. SCHWAB. I would like to point out one other thing to you. I would like to venture the assertion that the Emergency Fleet is the only thing that can place before you everything they have got. We have done that, and when Mr. Farrell said to me, as he did the other day, that we had too much steel as a total, I said, "Well, Mr. Farrell,

of course, Federal is properly managed on the average of the whole United States"; and then he said that he agreed that I was right. We do not know that there are certain yards that have too much, for instance, like the Baltimore Dry Dock Company, with 35,000 tons, but we are not giving them any now.

Mr. REPLOGLE. They are cut out.

Mr. SCHWAB. This was all acquired before we took control of them. My whole program requires 1,300,000 tons.

Mr. LEGGE. Isn't it true that the Alameda and the other yard you spoke of there, don't they do their own fabricating?

Mr. SCHWAB. They do.

Mr. LEGGE. And isn't it true that part of your reduced efficiency is due to your scattered production? It isn't my province to say, and I don't want to say, that I think that the railroads ought to do with less steel, but I am certain of one thing; if I were dictator of this country, passing on the question as to where this steel could best be used, I can conceive of nothing more important than locomotives and ships.

Mr. REPLOGLE. Of course, I would like to get this firmly in your minds, that if we give the Emergency Fleet 60,000 tons and the Army and Navy and the Allied Governments their demands, it will take 107,000 tons per week, which is practically more than we are getting now, and would leave nothing for the Railroad Administration; that isn't including a pound for the Railroad Administration. So even if the Emergency Fleet is kept at 50,000 tons, I think it will still be necessary to make a radical reduction in the amount of steel going to the Railroad Administration for cars.

Judge PARKER. Can we keep up the exporting of plates? Can we keep on giving Canada the little that we have been giving her and can we keep on shipping to England?

Mr. REPLOGLE. That is a matter of policy, Judge. I feel that that steel is used largely for repairs. Take Canada—there are some shipyards there, and of course they wanted steel, but we told them very frankly that we could not give them what they wanted, and I think that what we are giving them now is used only for repairs and I think that for the general good that they should have it. I think that that will get some ships out on the high seas and I think it should go where it will do the greatest amount of good.

Mr. HURLEY. On foreign shipments I understand that Canada is taking that steel and putting it into ships and selling them to neutral countries, placing them in the service and competing with us. I don't think any foreign country should get any plates at present except for repairs. They put them in the service and give them free reign to change anything they want to.

Mr. BARUCH. Not under the control of England?

Mr. HURLEY. No.

Judge PARKER. Mr. Jones of the Canadian War Mission came here and told us that these boats were being built under the auspices of the Canadian Government and were to go into the service of the country.

Mr. HURLEY. I will get the facts and send them to you.

Judge PARKER. It was on that representation that we reluctantly allocated this steel.

Mr. REPLOGLE. We have only been giving them 300 or 400 tons a week.

Mr. LEGGE. As a shipper I can't subscribe to that. I manufacture goods here and in Canada, and I can ship them out of Canada cheaper than I can from here right along.

Mr. HURLEY. They have run the boats to South America and charged an excessively high rate.

Mr. LEGGE. That, of course, is a different story; but the Canadian Vessels are operating in favor of Canada.

Judge PARKER. I think we ought to give to the Emergency Fleet every ton of steel that they want before we send a single ton out of this country to build ships with. It is all right to send to Canada and to England if we had the steel for ship building; they may use their labor for that purpose; but we have got first to see that the Emergency Fleet has every ton that it can utilize to advantage before we send to our Allies.

Mr. LEGGE. Broadly speaking, that is true; but they are hitting us in the neck with exceptions. We were held up for railroad equipment to operate the nickel mines. We have the same thing in Peru and in Chile and a dozen of these countries all the time. Then we loosen up and give them something or we don't get the essentials that we have to have.

Mr. PROCHER. You asked the question as to which is the more important, the ships or the cars. I suppose you mean the new cars. Of course, I cannot decide that. I am not in a position to do it, but may I ask you that when the case is decided by the proper authorities—may I ask you for the cars that their need will not be overlooked. All I want to say is that I hope that that need will be fully considered. Next winter, of course, is the time when these cars will begin to come out most largely, and that is the time that railroad equipment is needed most. Now, besides that, next spring there will be the same demand for increased cars that there is now, because some of the cars that are now in service will have gone out. Besides the new cars, of course, there is the question of repairs to the existing equipment which must be kept up, and that takes plates. I still want to speak for the cars, but I only want to say, sir, if you please, that so far as the Railroad Administration is concerned, we hope Mr. Replogle won't forget us and that you will remember the interests of the country as they really do exist.

Mr. BARUCH. The only point about it as I see it, Mr. Replogle, is whether from the standpoint of efficiency for the railroads we would be able to get along with 90 days' delay. Whether we can get along without any serious inconvenience. We have before us the question now of getting these shipyards started with a full swing of efficiency and enthusiasm. Now that is the question. Which is the one to delay?

Mr. PORCHER. I intended to say with regard to that, perhaps, Mr. Replogle can indicate just how much delay the cutting off of any car plates would amount to.

Mr. BARUCH. As I understand it, it is half of the car plates for 90 days.

Mr. LEGGE. I think you folks are playing with this thing on an emergency basis; what are you going to want next year?

Mr. SCHWAB. Less than 50,000 tons per week.

Mr. REPLOGLE. To answer Mr. Porcher's question, 270 cars a day of the 700.

Mr. LEGGE. I have been here twelve months and this has been up every week. Now, if this is going on we want to start and put in some plate mills; it takes six months to do it.

Mr. BARUCH. I understand you to say, Mr. Schwab, that the requirements of the Emergency Fleet will not be over 50,000 tons next year.

Mr. SCHWAB. I made a statement here of the requirements for each month next year, what we want, and you will find, for example, that we take 270,000 tons of total steel in January.

Mr. BARUCH. That will be the amount of total steel capacity of your shipbuilding program which you don't intend to increase?

Mr. SCHWAB. That is, about what you are shipping us now will keep us running naturally if things go as they ought to go in the shipyards. If the maximum tonnage that we will be able to produce is somewhere between eight and nine million tons of shipping. Now, much might occur in labor and other things that would prevent that; but I figure if things go smoothly, eight or nine million tons dead weight. It means a good deal more than simply taking that steel away, if we don't get it. It means absolutely closing up, and these firms on the Pacific Coast are doing so well it is a shame to stop them.

Mr. LEGGE. We don't want to stop them.

Judge PARKER. No; Mr. Schwab, what is going to happen to the organization of the car manufacturers if they don't get the steel?

Mr. SCHWAB. They have hardly started. I have given the car companies 30,000 tons a month to fabricate for us.

Mr. LEGGE. As a matter of fact, these car companies have capacity to build four times that number. They can build four times the amount of cars they are building and more, too.

Judge PARKER. I understand that.

Mr. BARUCH. The whole question, Gentlemen, revolves, it seems to me, upon which is going to win the war the quickest; which is the more necessary to the total conduct of the war, to put plates in ships or put them into other things.

Mr. SCHWAB. Figures down to ships or cars.

Mr. BARUCH. The point is, we have got to have efficient railroad transportation; can we go on and give sufficient railroad transportation by a delay of 90 days on half of the car plates? That is all there is involved in this.

Mr. SCHWAB. Isn't it better to make some sacrifices?

Gen. JOHNSON. I hesitate a good deal to speak about this situation, but I have always had this thought in mind which I expressed the other day: It seems to me there certainly are restrictions that could be placed upon the operation of the railroads that have not been placed upon them, which would release motive power, if not freight cars; take off Pullman cars and unnecessary traffic of all kinds. I haven't seen any restrictions at all and it seems to me that we really haven't tightened up our belt on that question.

Mr. SCHWAB. It is possible to do that. You can cut off the nonessentials in the railroad organizations, as the General says, if it is necessary to make up this small amount, but there is no way that you can cut off in supplying the food that you need abroad for our soldiers and Mr. Hurley will tell you how much much short he is in ships to do it now.

Gen. JOHNSON. On the other hand, there is serious congestion at the ports of debarkation in France, and we need railroad facilities over there.

Mr. BARUCH. I have an order for 27,000 cars from General Pershing and here is the same old vicious circle.

Judge PARKER. There is another angle to that, we have cut down the engines to 510 to be delivered the first of January. There are 135 locomotives that are already operating on American roads that were built for France that will have to be taken out of service on the American roads, plus 510 locomotives that were to be built and delivered to American roads that will be cut down that much.

Mr. LEGGE. Nobody is going to curtail locomotive production.

Judge PARKER. The locomotive production is going to go 100% and they are going to have their plates, but the locomotive capacity in this comtry is not great enough to produce the 1,400 locomotives that are on order by the Railroad Administration before the first of January as promised, and also produce 510 locomotives to go to General Pershing before the 1st of January; which means that the locomotive program for our own railroads will be cut down 510 locomotives.

Mr. LEGGE. They are going to cut down something like 200.

Judge PARKER. The 510 locomotives are going to France instead of to American railroads and on the 1st of January, American railroads are going to be short 645 locomotives, or approximately that many, that they figured on having at that time, so that we won't need so many cars. If it is motive power that we are short rather than cars, and the motive power that will be coming along on the 1st of January is cut down, then——

Mr. LEGGE. The shortage of locomotive power doesn't help the supply in railroad operation. If you have plenty of locomotives you can dispatch your cars quickly and you can get along with less railroad equipment.

Mr. BARUCH. Mr. Schwab, this is the last thing that I want to get from you—you see what the situation is; probably you knew it before—we want you to go over your figures; don't ask for a cushion, just ask us to take the bark off the log; we don't ask you to sit on the bark, but tell us the least that you can squeeze through with, just enough to make both ends meet, and we will try to squeeze it out for you.

Mr. SCHWAB. I anticipated that, and I want to say that I have gone in detail over every figure in the list, and I feel to cut down to the bark, and still do what we ought to here, that I can cut 50,000 tons off of that by taking it from Submarine Boat and Hog Island and one or two of the others. I can squeeze 50,000 tons off, and that would bring it down to 200,000 additional tons that I would like to have in the next three months.

Mr. BARUCH. The difficulty is only in plates?

Mr. REPLOGLE. That is the most serious difficulty.

Mr. SCHWAB. One of the reasons, Mr. Baruch, that we will be easier after the first of the year, is that at present 91 firms are

fabricating the Hog Island and each of them has to have a stock of steel to work on; each month we are gradually reducing that number so that by the first of the year I figure that Hog Island will require 100,000 tons less than is required now.

Mr. REPLOGLE. I think that the first thing we have to determine is as to foreign shipment of plates; even if we cut the Railroad Administration down we have got to give to this other. We have promised these plates to England, we have promised a certain amount to Canada; France has had 52,000 tons in for repairs, and I have a letter which the Italian Ambassador wrote to the State Department complaining of their shipments.

Mr. HURLEY. As to Canada, they are taking 1,500 tons of plate a week. They are building 18,000 tons of shipping; three 6,000-ton slips a month, on the plates that we are sending up there—American plates. The War Industries Board gave these plates without consulting us. We refused for five months Canada, France, England, and Italy. General Pershing has ordered plates for Great Britain in a trade for other materials. If they are going into repairs I think that should be done, but if they are going into new ships, they should not.

Mr. BARUCH. I think you should get a statement as to what they are using the plates for.

Mr. SCHWAB. May I make a suggestion here? Why not give me for the next four weeks an additional 10,000 tons of plates per week to fill up these yards that are goers and operators, which would help them out very much. If I had 40,000 tons of plates to put there during the next few weeks, at the end of that time, without committing yourselves any further than that, let me see if it is possible to skim down the other fellows even more.

Mr. BARUCH. Here is the difficulty: I would rather put out a restriction in order to give the people to whom we are now giving plates an opportunity to adjust themselves to the restrictions that must come later. If we have to cut down certain promises and operations on our part because of your necessities—take them away from people who have these plates who are now in the midst of operation—if we could say to them, "In two weeks or a month we are going to do it", it would give them a chance to adjust themselves to the new conditions.

Mr. SCHWAB. That is the worst feature.

Mr. BARUCH. Would you close now if you didn't get the steel?

Mr. SCHWAB. Oh, I am closed down now. We require 70,000 to 80,000 tons of plates to go on now, so that if I had for the next month an additional 10,000 tons of plates a week, it might be possible at the end of that time—and I need them awfully badly and quickly—they are skinning along, those that had 50,000 tons down to 22,000, and they are giving us a finished ship every two weeks. There is Joe Tynan at Alameda—he is down now to a few thousands, down to 24,000 tons.

Mr. BARUCH. How many tons do they consume at Alameda per week or month?

Mr. SCHWAB. They are consuming somewhere between 16,000 and 17,000 tons a month.

Mr. BARUCH. How much are they getting now?

Mr. SCHWAB. They are not getting that much; I can't tell you offhand. They have brought their stock down from 60,000 to 22,000 tons.

Mr. LEGGE. I would like to clear up one point here; what do you want in the next year? Are our present facilities ample to take care of next year's needs?

Mr. REPLOGLE. At 50,000 tons a week, I think so.

Mr. LEGGE. Do you want to increase your plate requirements next year, Admiral?

Admiral FLETCHER. No; I don't think so; beyond that we have; not any for the new shipbuilding program.

Mr. LEGGE. Is your total program going to call for a greater tonnage per week than you are using this year?

Admiral FLETCHER. Oh, yes; when they start the new ships; but not before July 1919.

Mr. BARUCH. If these demands are going to keep on this way, we ought to know it, so that we can get some new facilities.

Mr. REPLOGLE. It goes beyond plate mills now; it goes right back to pig iron and steel.

Mr. HURLEY. The total capacity is about 6,000,000?

Mr. REPLOGLE. About that.

Mr. SCHWAB. Mr. Baruch, it would seem to me better, instead of our figuring this thing 90 days ahead, to give me 40,000 tons of steel additional during this month of August and then let me come down to you on the 1st of September and say what we can do. I am going to say very frankly, I believe with this thing in full swing, what I also believe Mr. Hurley has said, you will find in a great many cases that in certain lines of industry we are probably piling up things we are not going to be able to ship for some time.

Mr. BARUCH. Where are they? I have heard that statement, and I want it proved. The Army would like to see it proved. We have heard that statement made, and it has been made very often. Now I would like to get some information, particularly from men like you.

Mr. SCHWAB. Take ammunition steel. I don't believe they are going to use as much as they have.

Mr. REPLOGLE. The steel people have been working right close with them, and our instructions were to give them only so much steel as they actually need; for instance, Lackawanna Steel rolls projectile steel one week and rails the next. We have told them that if they can supply that projectile steel in two days, to do it. I don't think there is any excessive stock at all on these big operations. Take this Symington plant in Chicago that is designed to take 8,000 tons of steel a day.

Mr. SCHWAB. Had they put in their requirements when you estimated the volume?

Mr. REPLOGLE. It has been cut down, Mr. Schwab, to the amount that the forge plants can actually consume; we are getting 50% less rails than we ought to get and we have been cutting that projectile steel down to give Mr. Porcher more rails. We are not going to let that projectile steel accumulate.

Mr. LEGGE. The total war requirements for the next year are less than 20% of the total; supposing they are 10% too high; that is only 2% of the output when you come to spread it over the entire production of the country.

Mr. SCHWAB. 50% of the steel total program which you showed me, Mr. Replogle, one time about six weeks ago, about one-half of the steel was exclusive of the great requirements of the War Navy and Emergency Fleet.

Mr. REPLOGLE. Half the steel on order, but that stuff isn't being produced.

Mr. HURLEY. I made the statement, I made it six months ago and I want to get the information not from the War Industries point of view but from the shipping overseas point of view; and outside of this inventory here I don't know of any government agency that can give it. We are going to be able to ship one and one-half million tons a month overseas on the Emergency Fleet program. Now if we are manufacturing 3,000,000 or 4,000,000 tons, and I don't believe we are shipping over a million and a half tons, we are accumulating an enormous amount of materials on hand and we are taking it out of the other industries, it is going to react against us later. Now in the absence of an inventory from the Shipping Board and the War Department and the Navy Department that are handling enormous amounts of material, we ought to know pretty nearly what they are doing. Now if these products are going overseas—what is the percentage, General, of the Quartermasters' shipping?

Gen. JOHNSON. 60%, but I can answer your question about that mass of stuff coming into being, as to whether or not it is vastly greater than the capacity of the shipping. I have had a very careful study made of it, and that charge is mistaken. That is not so. More stuff is not coming into being than can be shipped across the sea. We have just made a rough stab at it, but it is very encouraging.

Mr. SCHWAB. What percentage of the steel output is going into Government requirements.

Mr. REPLOGLE. Why, the interpretation of Government requirements includes direct and indirect requirements; the tin plate for food cans, for instance, the Food Administration consider that just as important as anything; considering it on that basis, about 90% of the output.

Mr. SCHWAB. Then they have increased it?

Mr. REPLOGLE. Oh, absolutely.

Mr. SCHWAB. Just give me this 40,000 tons and I won't bother you again for 30 days.

Mr. BARUCH. Here is the point; we have heard so much about cutting down industries and cutting out the less essentials. It is not alone for the material that it is necessary to do it, but it is also necessary to get the manpower. The next draft will take 500,000 men and it will require the taking of men from industries. We are looking forward to that as well as to everything else.

Mr. HURLEY. Suppose we employ women.

Judge PARKER. The industries are doing that right along.

Mr. SCHWAB. I want to say just once more that we are exceedingly interested in trying to keep this big machine moving efficiently and it will break our hearts and our enthusiasm if we have to lay these men off.

Mr. BARUCH. I speak for myself and also for the Board, that we are all keenly alive to the task which you and Mr. Hurley are carrying on we appreciate that you have got your organization worked up to a pitch of enthusiasm, and we are going to do everything that we possibly can to help you to continue your work.

Adjourned.

719 **Meeting of the War Industries Board held Tuesday, August 6, 1918, at 10: 30 A. M., in Room 909, C. N. D. Bldg.**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; General Johnson; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Perkins.

Organization—Reading of the Minutes.—The minutes of the meeting held Thursday, August 1st, were read and approved.

Regulating the Cost of Living: Mr. Peek, Mr. Frayne, and Judge Parker were requested to submit, at the earliest possible moment, a definite plan for stabilizing and regulating the cost of living.

Steel—Increased Facilities at St. Louis.—The attention of the Board was brought to the proposed increased facilities at the Scullin Steel Company. Mr. Legge, Mr. Peek, and Mr. Replogle were requested to investigate this from the standpoint of fuel, transportation, and power and submit definite recommendations at the meeting to be held on Thursday, August 8th.

720 *Chemicals—Production of Ammonia by New Fixation Process.*—For the information of the Board, Mr. Replogle stated that permission had been granted to the Wheeling Steel & Iron Company to use one of their blast furnaces for the purpose of making a test of a new fixation process which, if successful, would permit four 600-ton blast furnaces to make supplies of ammonia, sufficient to take care of our entire requirements.

Automobile Industry—Curtailment of.—The following resolution was submitted by Judge Parker:

Resolved, That no manufacturer of passenger automobiles be furnished through priority directions or orders, or through licenses or permits from the Director of Steel Supply, or otherwise, any iron or steel for use in the manufactue of passenger automobiles until the manufacturers have responded to the request of the War Industries Board for definite information as to their stocks on hand, that this Board may intelligently deal with the industry as a whole.

The motion to adopt this resolution was duly seconded and unanimously adopted, and the Chairman requested Mr. Replogle to instruct the steel manufacturers accordingly.

Fuel—Construction of By-Product Coke Ovens.—Attention was called to the proposed construction of 330 byproduct coke ovens by the Rainey Wood Coal and Coke Company. In view of the fact that the Fuel Administration is protesting against the location of these ovens in the Congested District, it was decided that, before
721 taking any definite action, Judge Parker be requested to investigate and report.

Lumber—Transportation of.—The attention of the Board was called to reports of lumber being transported from the Northwest to projects located in the South, particularly in Texas. This was referred to Mr. Perkins for investigation.

Hospitals.—Mr. Frayne wished to be recorded as protesting against the construction of hospitals out of wood.

Power—Contract with the West Penn Power Company.—There was submitted to and approved by the Board a proposed contract to be entered into between the Ordnance Department and the West Penn Power Company involving the erection by the Company of a steam-electric power plant in the Allegheny Valley capable of producing 40,000 kilowatts of electrical energy at its normal rate of capacity, together with transmission lines necessary to connect such plant with the existing distribution systems in the Pittsburgh District. Article 1 of this contract provides for a compulsory order with the Company to produce and deliver one billion one hundred million kilowatt-hours of electrical energy. All other conditions are as covered by the Articles of Agreement, dated August 1918.

722 The meeting adjourned at 11:55 A. M.

H. P. INGELS, *Secretary.*

723 Meeting of the War Industries Board held Thursday, August 8th, 1918, at 10:30 A. M., in Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; General Johnson; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Perkins.

Organization—Reading of the Minutes.—The minutes of the meeting held Tuesday, August 6th, were read and approved.

Organization.—It was announced that Mr. Felix Frankfurter has been appointed as Labor Representative on the Priorities Board.

Automobile Industry—Curtailment of.—Mr. Hugh Chalmers and Mr. Reeves, representing the National Automobile Chamber of Commerce, were invited into the meeting. Mr. Chalmers outlined the action of the association of Automobile Manufacturers at the meeting held in Detroit on August 6th, by which action they agreed to make a voluntary reduction of 50% in the production of passenger cars. After some discussion (verbatim copy of which is attached hereto and becomes a part of these minutes) a subcommittee con-

724 sisting of Mr. Legge, Judge Parker, Mr. Peek, and Mr. Replogle was appointed with power to act for the Board, with the understanding that they would confer further with Mr. Chalmers.

Steel—Increased Facilities at St. Louis.—Mr. Edward F. Goltra, representing the Mississippi Valley Iron Company, was granted a hearing in order that he might explain in detail the proposed plan for increasing pig-iron production in St. Louis. (Verbatim copy of the discussion which took place is attached hereto and becomes a part of these minutes.) A subcommittee was appointed consisting of Mr. Legge, General Johnson, Mr. Peek, Mr. Perkins, and Mr. Replogle, with power to act for the Board, and with the understanding that they would make a thorough investigation of the proposed increased production of pig iron at St. Louis, and would, after giving consideration to the plan of the Mississippi Valley Iron Company, and of the Scullin Steel Company, take such action as they deem advisable.

Labor—Difficulties at the Girard Plant of the A. M. Byers Company.—There was submitted a letter dated August 6th, addressed to Mr. Replogle, and signed by Mr. J. Frederick Byers, to the effect

that the Amalgamated Association is endeavoring to force their Girard plant to become a Union Shop. This was referred to Mr. Frayne for investigation.

725 *Nonwar Building Construction.*—Judge Parker was requested to issue a statement outlining the Board's attitude towards nonwar building construction.

Fuel—Construction of By-Product Coke Ovens by the Rainey-Wood Company.—Judge Parker submitted the following report to be filed as a record:

MEMORANDUM IN CONNECTION WITH PROPOSED CONSTRUCTION OF 330 OVENS FOR BY-PRODUCT COKE PLANT AT SWEDELAND, PENN., TO BE ERECTED BY THE RAINEY-WOOD COKE COMPANY

In conversation with Messrs. Roy A. Rainey, Managing Trustee of the W. J. Rainey estate, and Scott Stewart, Manager of the W. J. Rainey Estate, this morning, the following facts were developed:

1. Early in June 1918 the Rainey-Wood Coke Co., a corporation the stock of which is jointly owned by the Estate to W. J. Rainey and Alan and Wood Iron & Steel Co., entered into a contract, No. P-10847-1110E, in writing with the Ordnance Bureau of the War Department through Col. Samuel McRoberts and Col. Watson, whereby the company obligated itself to erect at Swedeland, Pa., a by-product coke oven plant consisting of 110 by-product coke ovens equipped for the manufacture of pure toluol, sulphate of ammonia, crude benzol, coke, tar, and gas. The contract stipulates that the plant shall be completed and in operation fifteen months from date of contract. And the War Department obligated itself to take and pay for the entire output of ammonium sulphate and toluol, approximately 9,400 tons and 365,000 gallons, respectively, per annum. Mr. Roy A. Rainey and the Alan Wood Iron & Steel Company signed a guarantee obligating themselves to build this plant in accordance with the terms of the contract.

2. Immediately upon the signing of the contract the company began actively to plan the erection of this plant and now at this time has not only placed orders for the materials, supplies, and equipment for the plant, but a considerable portion of the materials and equipment necessary for the construction purposes is already on the ground and a force of approximately 100 men are at work preparing the site and going forward with the construction.

726 3. It is believed that this first battery of 110 ovens will be completed and ready for operation in September 1919. It is not at this time contemplated to go forward with the erection of the other two batteries of 110 ovens each, although ultimately the plan contemplates the building of 330 ovens. No steps will be taken to build any ovens in addition to the 110 without first taking the matter up with the War Industries Board.

4. The W. J. Rainey Estate, of which Mr. Roy A. Rainey is Managing Trustee, now operates ten coal mines and beehive and rectangular coke plants in the Connellsville District. Approximately 85% of the coal mined is converted into coke by the Estate and the balance shipped as by-product coal. All of the coal mined is low sulphurous high volatile coking coal. The Estate plans to curtail its beehive coking operations to the extent necessary to supply the Rainey-Wood Coke Co.'s by-product ovens at Swedeland with coal.

5. The W. J. Rainey Estate is now supplying the Alan Wood Iron and Steel Company at Swedeland with its entire coke requirements for the years 1918 and 1919, amounting at this time to approximately 25,000 tons per month. The Alan Wood Steel & Iron Company has now under construction and will complete not later than January 1st, 1919, a new blast furnace which will increase its coke requirements to approximately 40,000 tons per month.

Cost of Living.—The Subcommittee, consisting of Mr. Peek, Judge Parker, and Mr. Frayne, reported progress in formulating a plan for regulating the cost of living, and stated that a meeting will be held on Monday, August 12th, in Mr. Peek's office, to discuss the matter further.

The meeting adjourned at 12:45 P. M.

H. P. INGELS, *Secretary.*

War Industries Board meeting with representatives of the National Automobile Chamber of Commerce, August 8, 1918

Mr. BARUCH. We are very glad to see you, and the Board as a whole will be very glad to hear what you have to say with reference to this. We have appointed a subcommittee who will take up the final settlement of this thing, but the Board felt that they would like to hear you.

Mr. CHALMERS. Here is a letter which we have addressed to you as Chairman of the Board. It is as follows:

Honorable B. M. BARUCH,
Chairman War Industries Board, Washington, D. C.

DEAR SIR: Confirming our telegram sent from Detroit, we beg to state that in accordance with the wishes of the War Industries Board for curtailment, the meeting of the members of the National Automobile Chamber of Commerce, at Detroit on August 6th, voted unanimously for a reduction in production of passenger automobiles of 50 percent from 1916 or 1917 figures, and passed the following resolution:

"Whereas the War Industries Board, acting on behalf of the Federal Government, and in pursuance of what it deems to the advantage of the country in the prosecution of the war, has requested the National Automobile Chamber of Commerce to cooperate with it to secure a substantial reduction of the output of passenger motor cars, so long as the war emergency exists, and in as large a measure as may be consistent with the preservation of the life of the industry; and

"Whereas the Chamber, in pursuance of the position which it took at the outset of the war, and to which it has adhered consistently since it was originally announced, namely, that it would in all respects render assistance to, and cooperation with, all governmental instrumentalities designed to carry the war to a successful determination, to the utmost of its capacities and powers, now welcomes this further opportunity for such cooperation, but

"Whereas the Chamber has never asked for concerted or combined action by its members in any matter of the expansion or contraction of output, nor in any matter of business regulation or limitation; and

"Whereas all matters affecting production and business regulation have heretofore been left, and must under the Constitution, By-Laws, and practice of the Chamber be always left to individual action: Now, therefore, be it

"*Resolved*, That the Chamber recommend to its members the fullest, heartiest, and most exact and speedy compliance with the request of the Government through its War Industries Board in respect to a reduction of output to a point that will enable our members to keep their organization effective, permitting them to carry out present war contracts, and take on new war work as the Government may require; and be it further

"*Resolved*, That if the War Industries Board desires a pledge in some such form as that annexed hereto, then each individual member sign and return same to the Board with promptness, and to observe its terms with exactness and cheerfulness, as our full measure of loyalty and sacrifice requires."

Very truly yours,

NATIONAL AUTOMOBILE CHAMBER OF COMMERCE,
(Signed) HUGH CHALMERS, *Vice President.*

The pledge is as follows:

WAR INDUSTRIES BOARD,
Washington, D. C.

GENTLEMEN: In view of the great need of the Government for labor, transportation, fuel, iron, and steel during the war emergency, we hereby give the following pledge:

"That during the twelve months' period beginning August 1st, 1918, provided the war continues, we shall not undertake to produce passenger automobiles for civilian use at a rate or aggregate exceeding fifty percent of our production capacity for an equal period as indicated by our production for the years 1916 or 1917 or as may be otherwise determined by your Board; provided further that this limitation shall not apply to a production of less than 1,200 automobiles per annum and that a production capacity thus indicated of less than 1,200 automobiles shall not be exceeded.

"We know of no other large industry of similar importance to civilian needs and the war program which has voluntarily made, or been called upon to make, a greater curtailment. We are not expecting preferential treatment, and if it is necessary to call upon industry generally for a greater sacrifice than the fifty percent curtailment we are now making, we stand ready to abide by such necessary further restrictions as may be imposed on industry generally to meet the needs of the war program.

"This pledge is given following a conference of automobile manufacturers, which was attended by persons representative of all classes of the industry, and the pledge represents the concensus of opinion, after fair and full discussion as to the maximum extent of curtailment which can be made generally by voluntary action.

"This pledge is given with the understanding that its conditions shall be binding on the Passenger Automobile Industry generally without any exception whatever.

"It is made with the realization that the war needs of the Government must have 100% priority and that you cannot guarantee that we will be supplied with materials sufficient to produce the above-stated percentage of our production capacity. However, this pledge is given with the understanding that our requests for priority orders covering our requirements for materials and fuel will receive as favorable consideration as those of other industries of similar importance to the war program and civilian needs.

"It is further understood that if during the progress of the War the needs of the Government become more fully supplied the restrictions on us will be relaxed proportionately.

"We agree to make written reports to you under oath in form prescribed by you, within the first 15 days of each month, showing the number of passenger automobiles made and assembled by us during the preceding month. These reports are to be made with the understanding that the information therein contained shall be held in strict confidence for the use of the Automotive Products Section of your Board.

"It is understood that the question of future production beyond the period above stated is to be taken up and considered three to four months before the expiration of said period.

"Inasmuch as the curtailment of our regular production will leave part of our equipment idle, we request that your Board use its good offices to see that the available productive capacity of our plants be utilized on Government work as far as practicable to the end that the effective organization of the Automobile industry may be conserved for war needs as was done in England and France under similar circumstances.

"We tender to the Government the offer of our entire energies and facilities if the exigencies of the war emergency make it necessary to call upon the industry generally for such a sacrifice."

Mr. CHALMERS. That is the action taken at the meeting which was attended by about 75 or 80, out of the total number that belong to our Chamber, and I will add this further word, that we are perfectly willing to let that go down as fast as we can take war work. In other words, we are going after war work even stronger than we have. None of our people feel that they could voluntarily go any further than that and keep the business alive and carry out the present war contracts which are enormous at the present time. We feel that it could not be done on anything less than that basis, and we therefore hope for your favorable consideration, with the understanding that we will convert, up to 100 percent, if necessary, as we get this war work to take the place of our other work. These inventories are not yet complete. I don't know how nearly they are complete, but they will be ready for you just as soon as we can get them together.

Mr. Baruch. As I said, Mr. Chalmers, in anticipation of your visit here, in order to expedite the matter, we have appointed a subcommittee with power to act for the Board, but the Board as a whole wanted to hear your general statement. We thought that things could be expedited if we left it in the hands of this subcommittee. The committee is composed of Mr. Replogle, Mr. Legge, Judge Parker, and Mr. Peek, and they have power to act for the Board. It won't be necessary for them to refer anything back to the Board. If you care to say anything further to the Board as a whole, but I think your dealings had better be confined to these men who are familiar with it.

Mr. Chalmers. We simply want you to bear this in mind, gentlemen, with reference to the labor problem that most of our plants are not in full production of your war work, and it is absolutely necessary that they be allowed to keep their labor together until they get into war work. This labor is to go over to making war essentials. At our meeting, we endeavored to find out how many were in production, and we found that very few were in heavy production yet. Perhaps you feel that they have been dillydallying along with this, but you must bear in mind, with an industry as large as this, with different elements composing its membership, it is pretty hard to harmonize these elements into an effective agreement. We have done that in this. The big men of the industry attended this meeting and many of the smaller manufacturers, and it is a fair expression of the industry as a whole. We feel that we have gone as far as you ought to ask us to go until other industries are curtailed. A 50-percent curtailment is as far as we think we can go. We know, of course, that we have to carry out any order you impose, regardless of consequences, but we know you gentlemen will weigh that very carefully; that it is not your disposition to put us out of business. You certainly want our organization effective to do war work. That is what we are willing to do but we can't do it all at once. We couldn't accept a 75-percent curtailment and let these men go without retarding your own war program.

Mr. Peek. How much has the war amounted to?

Mr. Chalmers. Including Ford, about 800 million dollars.

Mr. Peek. And the normal output would be what?

Mr. Chalmers. Including Ford, about 1½ billions.

Mr. Frayne. Has any of your labor left your plants now and gone to other industries?

Mr. Chalmers. I think so, Mr. Frayne.

Mr. Frayne. About what percent.

Mr. Chalmers. I really couldn't answer that with accuracy, sir. I don't know. But I do know there has been considerable complaint about their leaving. Of course, under the ruling of Gen. Crowder, a good many had to leave automobile plants and get into essential industries. There is a shortage in Detroit of from 25,000 to 40,000 men so I say, in dealing with this question, gentlemen, please remember that your wishes will be complied with by the taking on of war work, but to do anything drastic as that would mean letting go of these men, and if they were allowed, it would seriously affect the war program. We feel that you will act with intelligence on the subject, because you certainly do not want to put us out of business entirely.

Mr. Baruch. I want to say on behalf of myself and the Board that we are going to meet you in this in a fair spirit. Any feeling that any one has had in the past has gone. We are going to take it up on the facts. We realize that this is a very large and important industry. Acting for the Government, we have no feelings, and when we come quietly down to cases, we know that the automobile industry will do its share.

Mr. Chalmers. I am trying to help the Government in this proposition and I am also trying to conserve the industry. I have been acting in a dual capacity, and if I have said anything that hurt anybody's feelings, I didn't intend to. You want the facts and not any personal opinions or feelings. That is the spirit we met you in today.

Mr. Baruch. We feel that we not only have to supply the war program, but we are charged with a greater duty and that is to supply it without destroying these civilian industries—we are charged specifically with that—and though sometimes it may look as if we are ruthless, we are only doing what the exigencies of the situation demand. The worst thing to do is to skeletonize the industries. We are trying to guard civilian industries and yet get our program.

Mr. Chalmers. I would like to suggest this—if some word from this Board could go to the Purchasing Department, generally, not only us but all the industries that are curtailed, that some consideration should be given to them in the placing of war contracts, of course wholly within the competitive bidding realm—if that could be done, it would assist us; our members want to take on all the war work they can, and if you can assist us to take care of that idle capacity that will be there, we will greatly appreciate it. We will have our office here, but I think that a word from your Board would help us considerably. You are the governing end of industry generally, that is, private industry, and if you can help us to get war work, as fast as we can take this work, we shall convert from this 50 per cent down to nothing, as you wish us to.

Mr. Baruch. The President himself has taken a very great interest in this matter, and at the solicitation of this Board has addressed a letter to the various divisions in regard to it. We were in a hurry to get this program and we have had to proceed pretty fast. He has issued a request to the various departments that in the creation of new facilities and in getting the war program whatever curtailment must be done, be done with the least possible harm.

Mr. Chalmers. We understand that this is no guarantee on your part to give us 50 percent.

Judge Parker. In order that we might make progress, when Mr. Chalmers was last here, arrangements were made for furnishing us certain information; to what extent has that information been furnished?

Mr. Hanch. 60 or 70 percent, I should estimate. It is a very elaborate job, extremely large.

Mr. Chalmers. A good many of their years ended July 31st, and they waited to take the inventory so that it would dovetail in with their own plans.

Judge Parker. Can we deal with this intelligently until we have the data and information upon which to base intelligent action?

Mr. Chalmers. I think so; not to the same degree, but I believe that 70 percent of them are in now.

Mr. BARUCH. Gentlemen, the subcommittee will take this up.

Adjourned.

Mr. BARUCH. Gentlemen, Mr. Goltra wants to make a statement in reference to a proposition which he has made in regard to the erection of pig-iron capacity in St. Louis.

Mr. GOLTRA. Well, Mr. Chairman and gentlemen, the reason for my asking to make a statement was that I had received a clearance card from your Board some little time ago as regards putting in the plant facilities necessary to increase the pig iron at St. Louis and in conversation with Mr. Replogle day before yesterday, I think it was, he stated that your Board, on account of the presentation made to you by the Fuel Administration, had decided that it would be well not to make any further iron or steel installations, because they had said it was impossible for them to furnish any more fuel, that is, fuel for the purpose of making coke which is one of the necessary raw materials, of course, in the production of pig iron. Well, I pointed out to Mr. Replogle that our proposition was really for the purpose of helping that situation and in the large amount of detail which he has had in hand, I haven't any doubt at all it was easy to forget the details of our proposition; and he suggested to me that he would prefer not to take any steps in the matter at all except that it would come before you gentlemen; and he said that he would ask Mr. Baruch for permission to appear before you. I believe I state this correctly, Mr. Replogle?

Mr. REPLOGLE. Yes.

Mr. GOLTRA. Now, gentlemen, the matter of fuel is the first thing that is to be decided. This thing which we propose to do has not sprung up as a "war baby", so to speak. We had planned to do this thing before we had any idea there was to be a war. The war stopped us from doing it and now the war makes it absolutely necessary, it seems to me, as one engaged in the production of iron and steel—it seems to me the war makes absolutely necessary, because we have had allocated to us over at St. Louis way beyond our capacity to produce in the shape of pig iron and we are down here now insisting on pig iron, and there is no pig iron: and instead of the conditions getting better, from what I can see of the survey, it is getting worse. We can install immediately—when I say "immediately" we could begin immediately—and we can have in operation in St. Louis two 550-ton blast furnaces on the Mississippi River, right on our property there, and we can get the necessary byproduct ovens in there somewhere within about eight months if we start now. The fuel we can have ready by December, because the fuel that we have got hold of is right on the Ohio River. It was used prior to the Civil War and it was only because of the decadence of steamboating on the river that that fuel is not used now. It is a detached portion of the Appalachian chain and crops up there in the Ozark Mountains. Now, a gentleman associated with you counseling you in matters of this nature was the one that experted this property for me; the property is already developed; the entries are already in. It isn't in use simply because there has been no use for it for steamboat purposes, because there have been no steamboats in operation. There are ten separate and distinct mine openings in the property and the quality of the coal is equal to, and so far as phosphorous content is concerned, superior to the coal in eastern Kentucky. That is all certified to by Mr. L. L. Summers, with whom I went into the matter very carefully, and also confirmed by a man who is ready to make a contract with me now to deliver the coal, Mr. Kavanaugh, our largest coal operator in St. Louis. When I learned that Mr. Summers had been sent by you gentlemen over to Europe the other day, I wired to St. Louis and asked Mr. Kavanaugh if he wouldn't come down here, and he is here and is prepared to enter into a contract to deliver the coal. Now, gentlemen, we are in a very desperate situation as regards pig iron in St. Louis; we really are. I know, because I have been called in consultation and in fact asked by Mr. Otis to decide who shall receive the contract that was proposed for the finishing of shells out there, the large-size shells, above six inches. I find that the government on one end of it is committed to spending millions of dollars for finishing shells there. Well, now, there certainly will be some connection here because we already have not sufficient raw material for the capacity we have got. Either we ought to go ahead with this pig-iron proposition as long as we have got the fuel and have got everything—and by the way, Mr. Chairman, I should say that I have from the Fuel Administration their approval here of the matter.

Mr. BARUCH. Gotten yesterday.

Mr. GOLTRA. Yes; that was sent to us by the War Department.

Mr. BARUCH. May I read this to the Board?

Mr. GOLTRA. Certainly.

Mr. BARUCH. The letter reads as follows:

UNITED STATES FUEL ADMINISTRATION

WASHINGTON, D. C.

August 7, 1918.

War Department,
Washington, D. C.
Attention Lieutenant Colonel F. B. Richards

In your reply refer to 2-A-3

Dear Sir:

Your letter of August 6 addressed to Dr. Garfield introducing Mr. Edwin F. Goltra of St. Louis, was handed to me in person by Mr. Goltra, who with Mr. Kavanaugh of St. Louis, Mo., have discussed the situation outlined in your letter very carefully, and from statements made by Messrs. Kavanaugh and Goltra, which are, I understand, substantiated by Mr. L. L. Summers of War Industries Board, the most logical source of supply for coal for byproduct ovens in St. Louis will come from the coal fields which they have outlined in Crittenden County, Kentucky. I wish to say in this connection, while I have no personal knowledge of the coal in this field, yet from the statements made by these gentlemen, this coal should be satisfactory, and the location would be especially desirable, so far as the Fuel Administration is concerned, from the fact that the transportation end of the proposition would be largely by river which would be desirable indeed at this time.

As to the question suggested regarding the source of supply from Franklin County, Illinois, I am somewhat in doubt as to whether additional coal from this district could be supplied for St. Louis as the demand from Franklin County now for byproduct coal is very great.

In reference to the supply from West Virginia I might say there is not very much coal available of the byproduct character at present, at least by river, but there is a possibility that if the necessity arose that coal could be furnished to St. Louis by the erection of a tipple on the Ohio River at or near Ashland, Ky., which would permit the hauling of coal down the Big Sandy Valley from the Eastern Kentucky fields, which produce a large quantity of byproduct coal, and is capable of very great development subject only to labor and transportation facilities.

Under the circumstances, and from the statements made by Mr. L. L. Summers and W. K. Kavanaugh who have investigated these properties, the Fuel Administration would favor the development of it, for shipment by river.

Yours very truly,

U. S. FUEL ADMINISTRATION,
By S. A. TAYLOR.

Mr. BARUCH. Have you the facilities?

Mr. GOLTRA. Yes; it is on the River. We have got barges, that is government barges.

Mr. FRAYNE. How about man power?

Mr. GOLTRA. That is a very fortunate situation. The Fuel people said that was probably the most important part of it. Now that will not interfere with any other mining operation, and it will use the men that are around in Crittenden County there, in the fields and on the farms, anybody—go out into the brush.

Mr. FRAYNE. Are they competent to mine coal?

Mr. GOLTRA. Mr. Kavanaugh will send down his principal men from his operations up there, that is, his experts. As I stated before, gentlemen, the property is a developed property. It is not simply a prospect, and we can, long before we are ready with the other facilities, be delivering coal in St. Louis. In point of fact our idea is to help out the Laclede Gas Company before we get ready with our own byproduct ovens. I am afraid of the condition they are in and we are dependent on them now for our coke. I expect we will have to help them out by this very source of supply of coal, so that, gentlemen, the matter of the fuel supply for this proposition should not impede or obstruct action at this time.

Mr. BARUCH. In other words, do I understand, Mr. Goltra, that you wouldn't expect in any circumstances to receive help in coal but that you will supply an independent coal operation?

Mr. GOLTRA. Absolutely no question about that, at all. I would like to say also, gentlemen, as it may or may not be of interest to you, I propose to do this thing for whatever the government sees fit to give me as compensation for the work. I will simply read this clause—this is a paper that I will give you, an outline by the War Department as to the way that they would like to make the contract. This is the essential feature; "The contractor waives the stipulation herein of fixed amount of compensation to be received by him, and in lieu thereof, when peace shall be declared, agrees to accept for its services performed in behalf of the United States such an amount as shall be deemed fair and reasonable by the Secretary of War." It is not our desire, much less our intention, to make money out of our country while it is at war. We have asked, and we think it was not indelicate or improper to have asked, and it has been stated to me by the Secretary of War that it would be granted us, the privilege of purchase of the properties after the government is through with them, at a figure that would be agreed upon by a board of arbitration appointed by the War Department and by ourselves, and the two to select a third. It seems as though they couldn't ask that we do more. We cannot very well do more, unless we were to proceed and make the installation with our own security, with our own funds, and that would be absolutely disastrous on account of the excess-profits tax. It is only by this means, until that law is changed, that one could be safe, as I would have to pay twice. I would not only have to pay the high price, but I would have to pay twice over if I had to put that in with our own money, according to Mr. Roper, and he cannot help it because of the law the way it is. I simply mention that in passing.

Mr. REPLOGLE. The proposition as drawn then contemplates a government-owned plant?

Mr. GOLTRA. A government-owned plant. We will have the privilege of purchasing it later. That is the only consideration that we have. We also have to agree to operate the plant.

Mr. BARUCH. Simply an option to purchase or an agreement to purchase?

Mr. GOLTRA. Option.

Mr. BARUCH. You want to get compensation and option, or do you want the option to be the compensation?

Mr. GOLTRA. I will leave it to them up there. I couldn't very well be asked, gentlemen, to take and materialize a competitor right in my own yard without having the privilege of acquiring it after we are through with the war.

Mr. LEGGE. Who owns this coal property? Mr. Kavanaugh?

Mr. GOLTRA. I prefer not to mention that, because we have an option on the property, and we will turn it right into the government if the government desires to purchase it at exactly the option price.

Mr. LEGGE. Were you depending on the government to finance the coal property as well as the plant? Is it coming up as a supplementary proposition? We have had a good many of those where we get them piecemeal. Now, after you get the blast furnaces provided for, supposing they are provided for, are you going to come up with this question of further funds for the opening up of this coal property, or is it all covered in the present proposition?

Mr. GOLTRA. We would very much prefer to own the coal property, but if you desire it we will turn the coal property in to the government.

Mr. LEGGE. I want to know whether the whole transaction is covered.

Mr. GOLTRA. Just as you desire.

Mr. BARUCH. Do you intend to develop the coal proposition through your own resources?

Mr. GOLTRA. Yes; unless the government says, "We desire to do that." I have stated that to the Secretary.

Judge PARKER. This coal property is in Kentucky on the Ohio River?

Mr. GOLTRA. Yes, sir.

Judge PARKER. And is nonsulphurous, high-volatile coal?

Mr. GOLTRA. Yes, sir.

Judge PARKER. And has already developed ten openings?

Mr. GOLTRA. Ten openings in there now, but they are not being used because there are no railroads that can get in there. It was all for river coal.

Judge PARKER. It is on the river?

Mr. GOLTRA. On the river.

Judge PARKER. And it is susceptible of being handled with the facilities, with the water craft now available?

Mr. Goltra. We are delivering coal on the river now, taking it to St Paul with the government boats, and it is susceptible of being handled in that way.

Mr. Baruch. I don't think that answers the question.

Judge Parker. Suppose you were operating the plants; now, can you take the coal and handle it in St. Louis with the craft now available?

Mr. Goltra. With the craft now available we could take the coal into St. Louis as soon as we set up the power in the mine to take the stuff out. We have, I should answer also, Judge, we have the entire mine equipment, fortunately. We have the entire equipment ready to move from Waukon, Iowa. We can move the entire equipment, power, and everything right to this property and go into the openings with it.

Mr. Replogle. What are the barges being used for now?

Mr. Goltra. Individually I have been taking coal there now.

Mr. Baruch. Do you own these barges?

Mr. Goltra. No; they are owned by the Government. I have them under lease.

Mr. Baruch. Can you divert them from this purpose?

Mr. Goltra. Well, I have them myself.

Mr. Baruch. They are leased to you for the specific purpose of carrying coal to the northwest?

Mr. Goltra. Yes.

Mr. Baruch. And to bring ore back?

Mr. Goltra. Yes.

Mr. Baruch. Well, now, are you absolutely confident that you can take these barges from that and put them on this particular activity?

Mr. Goltra. Well, my reply——

Mr. Baruch. If you can't, then we fall down, because we have no facilities.

Mr. Goltra. I can't state about that positively, because I have not asked the question; but I venture to say, Mr. Chairman, that the War Department would be very glad, indeed, to have the Ohio River as far as Paducah included in the lease to me.

Mr. Baruch. I don't think that answers the question.

Mr. Goltra. I am not quite through yet, but before or by the time, Mr. Chairman, that we are ready to operate these byproduct ovens—we have a fleet which is building, actually in the process of building, that is of ample size to take care of all our requirements, that has already been provided for and the money provided for. That is all done looking to this very thing.

Mr. Baruch. In other words, you state or guarantee to this Board that you will not come before it for additional facilities?

Mr. Goltra. None whatever.

Mr. Perkins. And it won't interfere with what is now being done carrying coal to the Northwest.

Mr. Goltra. No; because my lease will terminate with the Government, I think, in October, and what I would do would be to get the Secretary to let my lease go over for the Ohio River as well as the Mississippi, in case the barges which are building and the steamboats which are building, which are to come direct to us, that we

can operate anywhere we see fit to operate them are not ready by next season, which is the time when these facilities will be ready.

Mr. Perkins. But if these boats were put on to carrying coal from Kentucky they would have to be taken off the work they are now doing?

Mr. Goltra. No; you can't do both.

Mr. Perkins. In other words, you cut off, until you get your new fleet, you cut off the work that is being done?

Mr. Goltra. Sure. But don't you see, sir, that we won't have this installation and the things we are talking about—they won't be ready before the other fleet which we are building is ready?

Mr. Perkins. The new fleet will be the answer?

Mr. Goltra. Certainly.

Judge Parker. How soon can you begin producing coal in this Kentucky region?

Mr. Goltra. We can begin producing coal right away by going right to the openings and simply getting coal, but, of course, we will take and move down the whole outfit and put the thing in for a couple of thousand tons of coal a day.

Judge Parker. How long will it take?

Mr. Goltra. Well, I should say we could have the stuff in 90 days out of Waukon. We will bring it right down there by boat. The equipment at Waukon consists of gas producers and gas engines, Westinghouse, the latest and most up-to-date.

Judge Parker. Why are you taking them away from Waukon?

Mr. Goltra. Because we can't get coal. Coal for the Northwest is simply an impossibility.

Judge Parker. But you are taking these facilities and putting them into the coal mines of Kentucky?

Mr. Goltra. Yes, sir. We have, fortunately, a complete outfit for the thing.

Judge Parker. Well, now, Mr. Goldra, why isn't that a good thing for you to do right now and get that coal out, because we are short of coal there.

Mr. Goltra. Why we have just—as I stated to you a moment ago, if you gentlemen were to turn us down on the matter, which I cannot conceive for the life of me how you can say now to stop and not put this thing in; why we are going at the proposition of furnishing coal, getting out coal so as to supply the Laclede Gas Company, because I am afraid they are going to fall down. You see, we get out coke from the Laclede Gas Company, and if they fall down there won't be any iron made in St. Louis, and then your ten-inch shell stops entirely.

Judge Parker. We need that coal that you say can be furnished in 90 days independent of the other proposition.

Mr. Goltra. I didn't say we could furnish it in 90 days. I said we could have the stuff out of Waukon and be setting it up in 90 days. I say we could be delivering that coal out of that property by Christmas.

Judge Parker. The question I asked you was how soon you could be getting coal on the barges.

Mr. Goltra. Let me clarify the thing. What we plan to do is to produce from 1,800 to 2,000 tons of coal per day out of the Crittenden

County mines, Crittenden County, Kentucky, and the reason for that size of production is because it is proposed to put in a 100 by-product oven outfit at St. Louis to supply coke to these furnishers, which we strongly recommend to you gentlemen that you assist us in doing.

Judge PARKER. That part is already independent——

Mr. GOLTRA. The date that we would be ready would be such a date as will materialize, it is by our taking the outfit from Waukon, Iowa, down to Crittenden County, Kentucky, and setting it up there.

Judge PARKER. Now, suppose you begin on that tomorrow, how soon can you be producing and loading coal on barges in the Ohio River?

Mr. GOLTRA. I should say by Christmas we would be able to produce 1,500 tons.

Judge PARKER. 1,500 tons a day?

Mr. GOLTRA. Yes; from Crittenden County.

Judge PARKER. Now, why isn't it, independent of your other plans—if your other plans take form and shape you must have this coal—but independent of that, why isn't it a good plan for you to go forward as speedily as possible with the development and production of coal in the Crittenden County mines?

Mr. GOLTRA. I think it is.

Judge PARKER. We need that coal, whether you put it in your new blast furnaces or not.

Mr. GOLTRA. You do.

Judge PARKER. And St. Louis needs it.

Mr. GOLTRA. Yes.

Judge PARKER. Why not plan, independent of any other consideration, to go forward with the development of that mine, and let us count on having 1,500 tons a day from that mine, in St. Louis for the first of the year?

Mr. GOLTRA. Now, I am not entirely altruistic, and I want that coal and coke in making pig iron. I am interested in a steel works out there.

Judge PARKER. What the public wants and what the public must have is every ton of coal that can be produced, and not let this coal which has been lying there since the civil war lie fallow when the war requirements are such that they must have it; and independent of your other plan, it would seem to me to be to your interest to produce the coal and market it; wouldn't it?

Mr. GOLTRA. Well, Judge, replying to your question, we have just now shut down because we can't get coal. This thing comes up, the possibilities of getting the equipment there just happened to come up here all of a sudden. We are doing so many things we never thought of doing before.

Mr. BROOKINGS. Isn't the Laclede Gas Company moving Kentucky coal by water?

Mr. GOLTRA. No, sir; not now.

Mr. BROOKINGS. They did for a while.

Mr. GOLTRA. Yes, they did; and brought it in great fleets from way up, clear up.

Mr. BROOKINGS. I understand when they built these ovens in South St. Louis they planned to bring their coal by water.

Mr. LEGGE. About this mining operation, have you had any estimate of what it is going to cost you to open up these mines?

Mr. GOLTRA. Yes; I have the gentleman right here who is our principal coal operator, who produces more coal than anyone else in our district; that is Mr. Kavanaugh. Mr. Brookings is acquainted with him. He has lifted 5,000 or 8,000 tons of coal a day, and it will take about $150,000, less what we furnish in the way of this equipment that we have available, in order to put the shafts into operation again. It is a drift-mining proposition.

Mr. LEGGE. Is he estimating to do this for $150,000?

Mr. GOLTRA. Yes, sir.

Mr. BROOKINGS. Who is Mr. Kavanaugh operating for now?

Mr. GOLTRA. Who is he operating for now?

Mr. BROOKINGS. What are these large coal operations he is interested in?

Mr. GOLTRA. The Southern Coal, Coke & Mining Company; he is the president of it.

Mr. BROOKINGS. Is that a recent combination?

Mr. GOLTRA. No; that isn't a recent combination. It is a combination that ran along like many of the coal mines, making no money.

Mr. BROOKINGS. Is it strong financially?

Mr. GOLTRA. The Company is in very fine condition.

Mr. LEGGE. They are practical coal miners, and still they estimate that you can open up that project for $150,000?

Mr. GOLTRA. Let me state this, Mr. Legge, this property is already a developed property in the sense of opening up.

Mr. LEGGE. Yes.

Mr. GOLTRA. One of the chambers, as I understood from Mr. Summers, is 35 acres in extent. The only reason why the thing was stopped was because there is no railroad that can connect to the thing except at the most prohibitive cost. It is right on the river and it is mountainous country and the coal was only available for river traffic and that was the one thing when we started in—that was the thing that I told Ambassador Francis—I mention Ambassador Francis because he is one of my directors who is interested with me.

Mr. LEGGE. I don't want to be pessimistic and throw cold water on this thing, on your coal end of it, because we are 6,000,000 tons short of that particular kind of coal now, but I just want to make a guess that you or somebody else will put up half a million dollars more before you get that much coal out of my mine. I don't think it can be done. I don't think it has been done. I think your mining estimate is going to give you an awful jolt if you are figuring on doing that for $150,000. That is none of our affair, of course.

Mr. GOLTRA. The only thing that I can say is that I have before me Mr. Summers' letter.

Mr. BARUCH. What is the date of that letter?

Mr. GOLTRA. July 3rd.

Mr. BARUCH. This year?

Mr. GOLTRA. Yes.

Mr. BARUCH. Would you mind reading that to the Board?

Mr. GOLTRA. It is addressed to Mr. Kavanaugh, and Mr. Summers handed it to me. Now, Mr. Summers stated to me that he was

addressing Mr. Kavanaugh because Mr. Kavanaugh had been associated with him in the development of that property—that is, development in the sense of investigation and proving it up—and he thought it was not proper to give me a letter in that particular; so he says, "I give you a copy of the letter that I gave to Mr. Kavanaugh." I said, "That is entirely satisfactory to me, as Mr. Kavanaugh is the man that I have gotten who will be operating my organization in the fuel end of the organization." It reads as follows:

WASHINGTON, D. C., *July 3, 1918.*

Mr W. K. KAVANAUGH,
St. Louis, Mo.

MY DEAR MR. KAVANAUGH: I am in receipt of your letter of June 28th regarding west Kentucky coal. Replying to your questions, I have not got the detailed figures of my tests available, but I remember the coal and the tests very well. We coked similar coals from Eastern Kentucky in our byproduct ovens, and I personally had a large number of tests made from the samples which we took on our trip to the Bell Seam. This coal is about the only one that will make a high-grade metallurgical coke in the West. It is high in volatile products and nitrogen and is low in both ash and sulphur, and therefore possesses distinct advantages for metallurgical coke.

The cost of converting coal to coke is much higher today than it was when we made our tests and will probably approximate $1.25 to $1.50 per ton, depending upon the oven equipment. Assuming the cost of a ton of coal is $3.00, this would mean that a ton of coal converted into a ton of coke would cost about $4.50, and there would be obtained as byproducts at the present prices about $3.50. This coal would yield about two-thirds of a ton of coke per ton of coal, and the net cost of the coke, after deducting all byproducts, should not therefore exceed $1.50 per ton.

With kindest regards, I am,
Sincerely,

L. L. SUMMERS.

Mr. BARUCH. He simply passes upon the quality of the coal.

Mr. GOLTRA. Yes; the same, gentlemen, is in the Kentucky Geological reports as regards the quantity; there is no "if" about that.

Mr. BROOKINGS. How many months a year, Mr. Goltra, would the ice in the Mississippi River affect the operations by water?

Mr. GOLTRA. It averages about two weeks a year. We got that from the Fuel people, from General Black. I would say that this fleet, gentlemen, that is in process of materialization makes quite a change out there; and I do hope that you will here today, with this thing from the Fuel Administration giving a clearance card on the thing, arrange it so that we can get ahead on this matter of pig iron out there; that is as serious a thing as I know of. I have myself two steel works there. I say myself—myself and associates. I got up the American Steel Foundries Company, which is the largest cast-steel-producing outfit in the world, and we are casting out there the large-size slugs for the large-size shells, and I am now at my wits' end from a communication that I have from one of Mr. Replogle's men telling me that I must stop shipping to the American Steel Foundry and must now ship to an outfit in Indiana that are making rifle grenades. That means we shut down; we will be stopped then. Gentlemen, seriously, I am not going to make anything out of this at all; but as a citizen of the country, I say to you gentlemen, do not stop on this matter now; we are ready to go ahead; we can materialize the things; we can do it quickly; we have made all of the investigations that anyone can possibly make.

Mr. BARUCH. Do you look upon that letter as a definite statement?

Mr. GOLTRA. I consider that a definite letter if you consider Mr. Summers' statement.

Mr. BARUCH. Mr. Summers has only made a statement as to the quality of the coal.

Mr. GOLTRA. Well, gentlemen, in reply to that I will say I have the largest coal operator ready to deliver the coal.

Mr. BROOKINGS. May I ask one question? Certain transportation is necessary to deliver it in St. Louis. Do I understand that the barges and two boats for this coal capacity are in construction now?

Mr. GOLTRA. Yes, sir.

Mr. BROOKINGS. It is under construction now?

Mr. GOLTRA. That is correct; yes, sir. Unless they have stopped it within the last week. The contracts have been let, Mr. Brookings, so I am told by General Tuller, who has the matter in charge, and who is proceeding with it. The steel has been allocated to them; we got our allocation; it was the day after the president told me that he would furnish the money in case they did not get permission.

Mr. BROOKINGS. Who will own them when they are built?

Mr. GOLTRA. The government will own the barges, and the barges will be leased to myself and associates. That is the way General Tuller put the thing.

Mr. BROOKINGS. The government is building those?

Judge PARKER. We understand about that. That was taken up in the Priorities Board meeting week before last.

(Mr. Goltra withdraws.)

727 **Meeting of the War Industries Board Held Tuesday, August 13th, 1918, at 10:30 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; General Johnson; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Perkins.

Organization—Reading of the Minutes.—The minutes of the meeting held Thursday, August 8th, were read and approved.

Automobile Industry—Curtailment of.—A telegram, dated August 11th, signed by F. W. A. Vesper, President of the National Automobile Dealers' Association, was read. Mr. Baruch stated that there would be a special meeting of the Board held at 10:00 A. M., on Friday, the 16th, in Room 52, for the purpose of granting a hearing to the Committee representing the National Automobile Dealers' Association.

Labor—Furloughing Men back to the Industries.—The attention of the Board was called to the suggestion made by the Provost Marshal General, that someone be appointed to act as Certifying
728 Officer for the War Industries Board, to investigate and consider cases where men are requested to be furloughed and return to the industries. This question was referred to Mr. Peek and Mr. Frayne, with the understanding that if this is to be independent of the work that Mr. Frayne is doing in connection with the War Labor Policies Board, Mr. William M. Ritter be appointed to act in this capacity.

134555—35——28

Chemicals—Construction of a Hydro-Electric Plant for Furnishing Power to the Fixation Plant at Mussel Shoals.—The attention of the Board was called to the proposed construction of a hydro-electric plant at Mussel Shoals. In view of the fact that it will take four or five years to complete this project, Mr. Perkins was requested to investigate and report at the meeting to be held on Thursday, the 15th.

Highway Construction.—Mr. Legge called the Board's attention to a memorandum, dated August 8th, from Mr. Humphrey, in which it was suggested that application for material for use in highway work, whether for new construction, reconstruction, or maintenance, should be made through the State Highway Engineer, and through him to the United States Highways Council. Judge Parker stated that this procedure is now being followed as far as requests for priority are concerned. The Board approves the plan as outlined.

729 *Organization— Stored Materials Section.*—It was recommended and approved that Mr. J. P. Wilkins be made Chief of the Section on Stored Materials, and that he be instructed to attend the meetings of the Requirements Division, so that when requirements are developed for any materials that are held in storage, he can bring the matter to the attention of the contracting officer.

Steel—For the Philippine Islands.—A memorandum, dated August 2nd, from Mr. Vance McCormick, addressed to Mr. Baruch, together with attached papers, regarding certain requirements for plates and shapes to be used in shipyards. The opinion of the Board is that if there is any steel to spare, this and similar requests should receive some preferential treatment.

Cotton Linters—Contract for Purchasing of.—There was submitted a memorandum, dated August 13th, from Mr. George R. James, Chief of the Cotton and Cotton Linters Section, in which he calls attention to the criticisms of the appointment of the Du Pont Company to act as purchasing agents. Mr. Perkins was requested to bring this matter to the attention of Secretary Baker so that he may become familiar with the details of the transaction.

Automobile Industry—curtailment of.—A telegram dated
730 August 12th was received from Bernhardt and Niehaus, Automobile Dealers, of Collinsville, Illinois, endorsing the Board's position as regards the curtailing of the production of passenger automobiles.

Regulating the Cost of Living.—The recommendations of the Sub-Committee, consisting of Mr. Peek, Mr. Frayne, and Judge Parker, were submitted. It was the opinion of the Board that before announcing any broad policies, some definite course of action should be decided upon. The Committee was requested to recommend a definite plan for regulating the price of shoes, same to be submitted at the earliest date possible.

Steel—For the Allied Governments.—Mr. Replogle called the Board's attention to the request for export licenses, on account of Gaston, Williams, and Wigmore, for steel for shipment to Japan. It is the opinion of the Board that any requests for shipment of steel to Japan that are to be honored should come through the Japanese Embassy. For the information of the Board, Mr. Baruch stated that

it had been decided that the Japanese Government shall receive the benefit of the same prices as the other Allied Governments.

Publicity—Establishment of a Paper to be Printed in Spanish, and Published on the Mexican Border.—Mr. Frayne called the Board's attention to the proposed establishment of a newspaper to be
731 printed in Spanish, and published somewhere on the Mexican border, for the purpose of spreading propaganda. Mr. Legge stated that the papers are now in the hands of Mr. Donnelly, and that he (Mr. Donnelly) will be requested to make a report to Mr. Frayne.

Contracts—Displaced by Priority Orders.—As requested at the meeting of the Board held June 18th, Mr. Ritchie submitted the following report:

Disregarding special contract provisions, which would, of course, control, the situation is as follows:

1. *Private contracts displaced by Government compulsory orders and commandeering orders:*

Manufacturers are protected against liability on private contracts displaced as a result of compulsory orders, because the statutes providing for such orders expressly give them precedence over all other orders, and due performance of the latter is, therefore, impossible.

Manufacturers are likewise protected when private contracts are displaced as a result of commandeering orders.

Whether a compulsory order or a commandeering order results in canceling existing private contracts or simply in suspending their performance, depends upon the circumstances of the particular case.

2. *Private contracts displaced by priority certificates under United States Government contracts:*

If the manufacturer does not obey such a priority certificate, then the Government can and will secure the desired priority by compulsory order or by commandeering either of which will protect the manufacturer against displaced contractors. The Government, therefore, has the means of enforcing such priority certificates, and the manufacturer who accepts such a certificate, instead of compelling the Government to resort to these methods of compulsion, should certainly receive in law no less protection than does the manufacturer,
732 who, by not accepting the certificate, compels the Government to resort to compulsion. I think, therefore, that a priority certificate under a Government is equivalent to a compulsory order, and will give the manufacturer the same protection.

Whether in such case the private contract is cancelled or merely suspended will depend upon the circumstances.

3. *Private contracts displaced by priority certificates under contracts with our Allies:*

While the situation here is not as clear as in the case of the United States Government contracts—because there is probably less likelihood that the Government will enforce the priority certificate by compulsory order or by commandeering—yet on the whole I think that manufacturers obeying priority certificates under Allied Government contracts will be protected, for the same general reasons which govern the preceding case.

4. *Private contracts displaced by priority certificates under private or non-Government contracts:*

There is much force in the proposition that, in ordinary cases, compliance with priority certificates issued in connection with private or non-Government contracts is not legally obligatory, and that such certificates do not make legally impossible the performance of existing contracts, because in obeying them the manufacturers do so not because they *legally must*, but because they are willing to comply with the Government's request. Compliance with a request would hardly be a legal excuse for not fulfilling a contractual obligation, and for this reason manufacturers are, I think, not adequately protected in such cases.

Manufacturers will very frequently have a good defense to suits brought by displaced contractors on the ground of special contract provisions, knowledge of the manufacturer's custom to obey priority certificates, or for other reasons.

But the priority certificate, issued in connection with a private contract, does not of itself afford the manufacturer adequate protection.

5. *Legislation:*

733 After considering several methods of possible protection to the manufacturer who obeys a priority certificate issued in connection with a private contract, I have concluded that the only adequate protection is through legislation expressly relieving manufacturers from liability when the nonperformance of their contracts is caused by the observance of priority certificates.

There are certain matters of policy to be considered in determining whether such legislation should be applied for.

ALBERT C. RITCHIE, *Counsel.*

Automobile Industry—Curtailment of.—As a result of a further conference held on August 8th, between the Sub-Committee, composed of Mr. Legge, Judge Parker, Mr. Peek, and Mr. Replogle, and Mr. Hugh Chalmers, of the National Automobile Chamber of Commerce, the following letter was sent to the National Automobile Chamber of Commerce over the signature of the War Industries Board:

AUGUST 9, 1918.

NATIONAL AUTOMOBILE CHAMBER OF COMMERCE,
7 East 42nd Street, New York City.

GENTLEMEN: We are in receipt of and have given very careful consideration to your communication of August 8th embodying the resolutions passed at your meeting at Detroit, Tuesday, August 6th. We note that the manufacturers have voluntarily agreed among themselves to curtail the production of passenger cars 50%. While this is clearly a step in the right direction and furnishes a basis for each and all of the manufacturers, without further delay, to make appropriate reductions in selling, general and overhead expenses, still it is only a step and further curtailment is inevitable. Fairness to your

734 industry impels us to state frankly that the situation as it is presented to us today indicates very clearly that there will be a little, if any, of the principal materials required in the construction of passenger cars available for nonwar industries after the war requirements shall have been provided for, and the War Industries Board cannot at this time make any promise whatsoever regarding the supply to your industry of steel, rubber, or other materials for any definite period in advance. We strongly believe that it is to the best interest of your members and all other manufacturers of passenger automobiles to undertake to get on 100% war work as rapidly as possible and not later than January 1, 1919, for in no other way can you be sure of the continuance of your industry and the preservation of your organization.

We regret that we are not in a position at this time to give you a more definite reply to your communication of the 8th instant due to the fact that the data and information which on July 16th we requested you to promptly furnish us has not yet been received. As soon as received, prompt and appropriate action will be taken, of which you will be immediately advised.

No material will be furnished to any passenger automobile manufacturer until it has filed with this Board a sworn statement embodying the information requested on July 16th coupled with an agreement to furnish this Board with such additional information from time to time as it may require.

Yours very truly,

WAR INDUSTRIES BOARD.

The meeting adjourned at 12:55 P. M.

H. P. INGELS, *Secretary.*

735 Meeting of the War Industries Board held Thursday, August 15th, 1918, at 10:30 A. M., in Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; General Johnson; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Perkins, Mr. Ritchie.

Organization—Reading of the Minutes.—The minutes of the meeting held Tuesday, August 13th, were read and approved.

Power—Supervision of Distribution.—It was the opinion of the Board, that inasmuch as power is coal in another form, it would be advisable, in localities where there is not sufficient power to take care of the industries within the district, to distribute the same under the direction of the Fuel Administration, provided, of course, that the Preference List is used as the basis for distribution.

Nonwar Building Construction.—As the result of a general discussion as to how best to deal with new projects involving nonwar building construction, it was decided to use the organization of the various State Councils of Defense, and that no projects will

736 receive consideration by this Board unless the same have been previously investigated and approved by the Council of Defense in the state in which the project is located. Mr. Baruch stated that he would address a letter to the Secretary of War, requesting that he, as Chairman of the Council of National Defense, request the various state Councils to cooperate in carrying out this program.

Legislation.—The Board discussed—

(a) The advisability of applying to Congress for legislation protecting manufacturers who obey priority orders issued in connection with non-Government contracts from damage suits on their other contracts thereby displaced, which legislation Mr. Ritchie reported at the last meeting was necessary for the priority certificate to afford adequate protection in such cases.

(b) And also the advisability of securing the passage of legislation which would, in proper cases and under adequate safeguards, permit pooling the products of industries where the output is curtailed.

Mr. Baruch stated that he would take both of these questions up with the President.

The meeting adjourned at 12:35 P. M.

H. P. INGELS, *Secretary.*

737 Meeting of the War Industries Board held Tuesday, August 20th, 1918, at 10:30 A. M., in Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; General Johnson; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Ingels, Secretary; also Mr. Perkins, Mr. Ritchie, Mr. Swope.

Organization—Reading of the Minutes.—The minutes of the meeting held Thursday, August 15th, were read and approved.

Organization—Commodity Sections.—Mr. Peek read the following letter of instructions from General Johnson, dated August 16th, outlining the plan of organization and procedure in order for Commodity Sections to effectively function with the Commodity Committees of the War Department:

738 AUGUST 16, 1918.

MR. GEORGE N. PEEK,
Commissioner of Finished Products,
War Industries Board, Washington, D. C.

MY DEAR PEEK: 1. As I promised, I am sending herewith draft of our orders to Army representatives on Commodity Sections. You will see that what is anticipated and required is a very active and well informed participation rather than the perfunctory and ill-organized participation of the past. I shall ask

to have our representatives detailed to duty on the W. I. B. so that their participation there shall be their principal duty, if it is not their sole duty.

2. Of course this will fall flat and be noneffective unless I am correct in my announcement of what I conceive to be the organic principles of organization. I therefore ask, first, that you confirm this statement; second (if you do confirm it), that you instruct your section Chiefs that such are the principles, that you inform them of the content of this circular (of which I shall furnish you sufficient printed copies), and that you instruct them to receive, and utilize our representatives and accord them the right and opportunity to exercise the functions I am prescribing for them.

3. I told you that I have been very actively investigating the present practice and that I would report to you the result of my investigation. Some of the results follow:

(a) Thirteen Army representatives report that they have not been consulted on action taken in respect of the Commodities they represent.

(b) A recapitulation of the minutes of meetings of Commodity Sections received in this office would indicate either that seventeen out of forty-eight sections held no meetings or that, if such meetings were held, Army representatives were not notified.

(c) Examination of the records of minutes indicates that the general statement that the Sections do not meet and conduct business as such is justified in respect of a majority of cases, and that there is a distinct and growing tendency of the Chairmen to control the situation as though all power were delegated to them rather than to the section.

739 (d) I can, if you wish, give you several specific instances in which action by the sections without consultation with or notice of or reference to the Army Representatives has been distinctly and substantially hurtful to the end for which we are all striving.

(e) There is a further indication in the records now before me that the record system by which statements of requirements reach the Commodity Sections is faulty both in the Requirements Division and in the Statistical Division of the War Industries Board.

4. You will consider this letter as coming from a member of the War Industries Board who thinks he sees the legitimate and proper future of that Board and is trying to help build in it the sort of strong, clean-cut, and scientific and systematic mechanism that will handle the great work set for it and not as coming from an outsider or a captious critic. We must build, build, build; and that is what I am trying to help do.

5. If I can get the system outlined in the attached circular working, I am sure that it will strengthen us all against the strain that will be immediately upon us, and that it will iron out forever any hint of antagonism or conflict between the W. I. B. and the War Department, bringing them together in the conjunction and integration that I believe the President intended for them.

Very truly yours,

HUGH S. JOHNSON,
Brigadier General, G. S.,
Director of Purchases & Supply.

The Board is unanimously in favor of the general plan as outlined. The matter was referred to General Johnson and Mr. Peek, with power to act.

Nonwar Industries—Financial Assistance to.—Considering
740 that it may become advisable for the Government to work out some system for the rendering of some kind of financial assistance to nonwar industries, the following letter was sent to the Chairman of the War Finance Corporation, Mr. W. P. G. Harding, bringing the matter to his attention and suggesting that a careful study be made.

AUGUST 21, 1918.

Hon. W. P. G. HARDING,
Chairman War Finance Corporation,
Washington, D. C.

MY DEAR SIR: The limitations put upon business, particularly that engaged in nonwar industries, are already severe, and will become greater as demands for materials increase, as they must increase for the successful prosecution of the war. These limitations not only cause discomfort to the civilian population but they are resulting in great financial losses. It is extremely difficult for the nonwar industries to adjust themselves to war industries, and it will not be possible to employ all nonwar industries in war work. In addition, the constantly increasing flow of men to the Army results in a constantly decreasing number of producing units. This loss of man power to the nonwar industries and the restrictions and limitations put upon the use of materials will surely cause great financial loss, perhaps ruin to many.

I am writing to ask you if it is not possible to study this subject comprehensively and see if some action cannot be taken to ameliorate the difficulty.

Yours very truly,

(signed) B. M. BARUCH.

Automobile Industry—National Automobile Dealers Association.—There were submitted to the Board two letters signed
741 by Mr. W. P. A. Vesper, President of the National Automobile Dealers Association, stating that the members of the Association will cooperate to the fullest extent with the War Industries Board towards the curtailing of the unnecessary use of automobiles. These were referred to Mr. Peek for answer.

Nonwar Construction.—Judge Parker submitted the following circular to be issued to all the *manufacturers*, *jobbers*, *distributors*, *dealers*, and *consumers* of building materials. The issuance of this is to be deferred until after arrangements are completed whereby the various State Councils of Defense will be utilized for approving such projects before being referred to this Board, as per Mr. Baruch's letter to the Secretary of War, dated August 22nd.

As far back as March 21, 1918, the following resolution was unanimously adopted and given wide publicity by the War Industries Board:

Whereas it has come to the notice of this Board that new industrial corporations are being organized in different sections of the United States for the erection of industrial plants which cannot be utilized in the prosecution of the war; and

Whereas plans are being considered by certain States, counties, cities, and towns for the construction of public buildings and other improvements which will not contribute toward winning the war; and

Whereas the carrying forward of these activities will involve the utilization of labor, materials, and capital urgently required for war purposes: Now, therefore be it

Resolved by the War Industries Board, That in the public interest all new undertakings not essential to and not contributing either directly or indirectly toward winning the war, which involve the utilization of labor, material, and capital required in the production, supply, or distribution or direct or indirect war needs will be discouraged, notwithstanding they may be of local importance and of a character which should in normal times meet with every encouragement; and be it further

742 *Resolved*, That in fairness to those interested therein notice is hereby given that this Board will withhold from such projects priority assistance, without which new construction of the character mentioned will frequently be found impracticable, and that this notice shall be given wide publicity, that all parties interested in such undertakings may be fully apprized of the difficulties and delays to which they will be subjected and embark upon them at their peril.

Since that time the manufacturers of the principal building materials, including paving brick, face brick, common brick, hollow tile, cement, and lime, have agreed to cooperate with the War Industries Board in carrying into effect the spirit of the foregoing resolution and the individual manufacturers have signed and filed with the Priorities Division pledges in writing substantially as follows:

The undersigned hereby pledges itself not to use, nor so far as lies within its power, permit to be used, any products of its manufacture now in, or which

may hereafter come into, its possession or control, save (a) for essential uses as that term has been or may be defined or applied from time to time by the Priorities Division of the War Industries Board, or (b) under permits in writing signed by or under authority of such Priorities Division; that it will make no sale or delivery of such products to any customer for resale until such customer has filed with it a similar pledge in writing, and that it will use its utmost endeavor to insure that its products shall be distributed *solely* for essential uses.

Similar pledges are exacted by manufacturers from their customers who purchase for resale.

That all interested in the manufacture and sale of building materials, as well as those interested in building projects of every character, may have a clear definition of or a ready means of ascertaining the uses to which such materials may be put and that building projects may be prosecuted during the war with the approval of the War Industries Board, this circular is issued.

Structures, roads, or other construction projects falling within the following classifications are hereby approved, and no permits or licenses will be required therefor:

743 (1) Those undertaken directly by or under contract with the War Department or the Navy Department of the United States, or the United States Shipping Board Emergency Fleet Corporation, the Bureau of Industrial Housing and Transportation of the United States Department of Labor, or the United States Housing Corporation;

(2) Residences clearly designed to relieve congestion in housing conditions in war-industry centers and to provide for the housing of workers shifted to such centers to meet the labor requirements of war industries;

(3) Repairs of or extensions to existing buildings involving in the aggregate a cost not exceeding Twenty Five Hundred Dollars ($2,500);

(4) Roadways, buildings, and other structures undertaken by or under contract with the United States Railroad Administration or a railroad operated by such administration;

(5) Those directly connected with mines producing coal, metals, and ferro-alloy minerals; and

(6) Public highway improvements and street pavements when expressly approved in writing by the United States Highways Council.

No building project not falling within one of the foregoing classes should be undertaken without a permit in writing issued by or under the authority of the Chief of the Non-War Construction Section of the Priorities Division of the War Industries Board.

Should one contemplating building conceive his proposed project to be in the public interest or of such essentiality that under existing conditions it should not be deferred, then he will make a full statement of the facts in writing, under oath, and present same to the local representative of the Council of National Defense, or to the local representative of the Resources and Conversion Section of the War Industries Board, applying to such representative for his approval of the proposed construction. Should such local representative approve the construction project, he will promptly transmit the application, stating clearly and fully his reasons for approving same, to the Chief of the Non-War Construction Section of the Priorities Division of the War Industries Board, Washington, D. C., for consideration; if need be, further investigation and final decision. Should the application be finally approved by the Priorities Division a construction permit will issue which will constitute a warrant to manufacturers and dealers who have taken the pledges of cooperation above mentioned to sell and deliver building materials required in the construction of the licensed building project.

744 While it is not the policy of the Government to unnecessarily interfere with any legitimate business, industry, or construction project, it must be borne in mind that there is an imperative and constantly increasing demand for labor, material, and capital for the production and distribution of direct and indirect war needs, to satisfy which much nonwar construction must be deferred. A full realization of this fact by all loyal and patriotic citizens, including state and municipal authorities, is all that is required to postpone such construction activities as interfere with the war program and the State and Local representatives of the Council of National Defense as well as the local representatives of the Resources and Conversion Section of the War Industries Board are with confidence depended upon to fully acquaint the whole people of this United States with the pressing need for the utmost economy as measured not only in terms of dollars but in terms of labor, materials, and transportation service. The construction projects which must be now deferred may be undertaken when we shall have won the war and will then furnish employment to the returning artisans now on the battlefront as well as those who will then be released by strictly war industries.

Yours very truly,

EDWIN B. PARKER (facsimile),
Priorities Commissioner.

Approved:

BERNARD M. BARUCH (facsimile),
Chairman War Industries Board.

WASHINGTON, D. C., *August 20, 1918.*

745 *Nonwar Building Construction—Plan for Utilizing State Councils for Defense for Approving Projects.*—The following letter, signed by Mr. Baruch, was submitted to and approved by the Board with the understanding that it would be forwarded to the Secretary of War:

AUGUST 22, 1918.

The HONORABLE, The SECRETARY OF WAR,
Washington, D. C.

MY DEAR MR. SECRETARY: Inspired by the exchange of letter between you and the President regarding the activities of the State Councils of National Defense—those splendid bodies of American business men—the thought comes to me that there may be a possibility of utilizing their services in a highly important connection with the work of the War Industries Board.

I am submitting a brief outline of the plan I have in mind to you as President of the Council of National Defense, in the hope that your view may coincide with mine and that I may gain your cooperation in effectuating the system. No one is more familiar than yourself with the necessity of increasing our fighting forces of men and materials, and the consequently heavy drain upon our resources caused by the increment. To meet the needs, there must be, as indeed there is, a constantly growing curtailment, elimination, or conversion of nonwar activities.

It is toward the end of curtailment that the State Councils can be of immediate value. These bodies are already organized, and have a working knowledge of war work and war necessities, and, of equal importance, knowledge of the things essential to the protection and supply of civilian needs. Their cooperation would prevent a heavy and unnecessary duplication of those tasks they are organized to handle.

It is very probable that at a later period there can be a widening of their field of usefulness, but for the present I should like to put into execution a plan whereby no application for building materials or commodities employed for repair purposes shall be cousidered by the War Industries Board, unless it has previously been passed upon and approved by the Council of National

746 Defense in the state in which the application originates.

It is obviously impossible for the State Councils to pass the final judgment upon such matters since they do not have a full picture of all of our varying and constantly changing war needs, but I have no doubt that with certain broad principles to guide them the Councils could be of great value in eliminating at the point of origin such projects that are not of a necessitous nature.

I am not prepared to say that the War Industries Board would necessarily be committed to a favorable decision because of a State Council's approval of any project, but the Board would pledge itself to give fullest consideration to such enterprises as are so endorsed and would not receive any without such endorsement.

It needs but slight study of the situation to see the advantage to be gained by the process I have here outlined. The members of the several State Councils being directly on the ground, will have a more intimate knowledge of the nature of the various demands that are now being pressed upon the attention of the War Industries Board in almost overwhelming number.

Their approval or disapproval will greatly simplify the system of award and will, by reducing the volume, expedite the business of the Board and make for greater satisfaction for the applicants.

It is not necessary for me to repeat what is in your mind, as well as mine, that every request should be scrutinized with the utmost care, and granted only when the need is imperative.

If you agree with my view of the value of the instrumentality of the State Councils, I shall be glad to take the matter up with you or your representative, to the end of devising a definite system of procedure.

I am, my dear Mr. Secretary,

Yours very truly,

BMB/ECK B. M. BARUCH.

The meeting adjourned at 12:55 P. M.

H. P. INGELS, *Secretary.*

747 **Meeting of the War Industries Board held Thursday, August 22, 1918, at 10:30 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice-Chairman; Admiral Fletcher; General Johnson; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Ingels, Secretary; also Mr. Perkins, Mr. Ritchie, Mr. Swope.

Buttons for Members of the Organization.—Mr. Baruch stated that considerable thought had been given to the desirability of issuing a button to the various members of this organization, indicating that they are engaged in war work. Mr. Frayne stated that a Committee of which he is a member is having designs made, which will be submitted to the Board very shortly.

Fuel—Erection of By-Product Plant at Clinchfield, Va.—Judge Parker called the Board's attention to the request that he had received from the International Coal Products Company, for the necessary priority to enable them to obtain materials with which to
748 complete this project giving consideration to the fact that the Ordnance Department had previously contracted with this company, it is the opinion of the Board that the necessary priority should be granted, with the understanding that, before taking final action the matter should be submitted to General Johnson for his approval.

Non-War Building Construction—New School Houses in New York City.—The attention of the Board was called to the proposed construction of school houses in New York City, involving the expenditure of approximately $4,000,000. Before taking any action, Mr. Baruch stated that he would have the matter investigated, and report back to the Board.

The meeting adjourned at 10:50 A. M. to meet in room 52 with the committee representing the American Iron and Steel Institute. A verbatim copy of the minutes of this meeting is attached hereto.

H. P. INGELS, *Secretary.*

1 **Meeting of the War Industries Board with Representatives of Steel Industry Concerning the Supply of Steel for War Requirements, August 22d, 1918, 11:00 A. M., Room #52**

Present: War Industries Board: Mr. B. M. Baruch, Presiding; Mr. Legge; Mr. Peek; Judge Parker; Mr. Brookings; Mr. Replogle; Mr. Fletcher; Gen. Johnson; Mr. Swope; Mr. C. R. Gray, Railroad Administration; Dr. Garfield, Mr. W. H. Blauvelt, Fuel Administration; Major MacCleary, Ordnance Department.

Also Present Representing The Industry: Mr. J. A. Farrell, U. S. Steel Corp.; Mr. J. B. Bonner, American Iron & Steel Institute; Mr. H. L. Hughes, U. S. Steel Corp.; Mr. W. H. Clingerman, H. C. Frick Coke Co.; Mr. A. C. Dinkey, Midvale Steel & Ordnance Co.; Mr. H. J. Watt, American Iron & Steel Institute; Mr. Jno. A. Topping, Republic Iron & Steel Co.; Mr. J. A. Campbell, The Youngstown Sheet & Tube Co.; Mr. E. G. Grace, Bethlehem Steel Co.

Reported by Mr. R. V. Winquist.

2 MEETING CONVENED AT 11 O'CLOCK A. M. AUGUST 22ND, 1918

Mr. BARUCH. Gentlemen, I have called this meeting in order that we may have a frank and full discussion of the steel situation. We are very much troubled by great and serious shortage in iron and steel production and there is an absolute necessity of increasing that production. Some of the difficulties complained of concerns the question of fuel. Dr. Garfield of the Fuel Administration is here, so when the question of fuel comes up he and Mr. Blauvelt, his coke expert can discuss those questions. Some complained that it is the question of transportation, so Mr. Carl Gray of the Railroad Administration is here to see if we cannot find some way of increasing the production of steel. The representatives of the iron and steel institute and other Governmental offices—if they cannot get this out we will be in very serious difficulty. I am going to ask Mr. Replogle to make a statement of the steel production and steel requirements as we see it from the War Industries Board.

Mr. REPLOGLE. As Mr. Baruch has stated, gentlemen, we need more steel, but the particular need is for more steel in certain particular lines. The 3 products that we are most concerned about are projectile steel, plates, and rails. The requirements—I am convinced that the estimates of the various Departments certainly as a whole are considerably under the actual needs because we are getting revised estimates from day to day and each case brings an increased need and in no case are they decreased. They show that on projectile steel and, by the way in making up that estimate we have not used the estimate of the War Department as to what they actually feel they need in projectile steel, but what they feel that the forge plants can actually take care of and I am convinced that their estimate is conservative. On projectile steel we need a minimum of one hundred and twenty-one thousand tons per week for the balance of the year as compared to average shipment of about ninety-seven thousand tons. Unfortunately a very heavy percentage of that, probably sixty or seventy thousand tons altogether of that per month, fall on one side of the eighty-two millimeter of the seventy-five millimeter finished shell, and again unfortunately that particular size of shell is rolled largely in rail mills; and again unfortunately that has so restricted the output of rails that the Railroad Administration feel that safety, and not to say anything of efficiency, of railroad operation is jeopardized, and I am convinced they are correct in that statement. We have been starving them. They did not have the normal tonnage of rails before the war, and the heavy traffic I think has put them in extremely bad shape. Mr. McAdoo has wired Mr. Baruch several times when he was in the West and

he told me the other day that he felt the conditions were in a very terrible state, and Mr. Gray has confirmed that from time to time. The average shipment of rails have been about thirty-five to forty thousand tons. I am glad to say that last week we got that up to fifty-seven thousand tons of rails which is by long odds a record over what has been done for quite a long period. We need including the rails for General Pershing, of which we have distributed several hundred thousand tons, about two hundred thousand
3 tons, he needs 400 thousand tons and that we must take care of in addition to the Railroad Administration requirements of about fifty thousand tons a week. There are the requirements for necessary industrial extensions and coal mines and all Priority business; and Pershing's requirements would need 94 thousand tons per week, so that means maximum operations of the rail mills. We have to have the absolute limit of production on rail mills which means the elimination of eighty-two millimeter shells from those particular mills and necessitates the rapid conversion of other mills for that particular product.
4 Mr. Farrell has changed the American Steel and Wire at a cost of $735,000.00 to make this size. These studies are going on and the conversion is going on; Mr. Dinkey is going to get more; Cambria is going to get more; and they are all making a great effort to get a maximum tonnage of that size. The Chairman has just told me about a new order for 180,000 tons of rails from the French Army that came in last night about which I knew nothing.

Mr. Baruch. That was approved and urgently requested by General Pershing.

Mr. Replogle. It only indicates the way these requirements are changing from day to day and in many cases they cannot be anticipated. On plate, we have an averaging around 100,000 tons weekly. We perhaps, well, the average for the past six weeks has been a little over 100,000, 106, 105, 110, 103; there was one week 72,000, which is the week of July 4th which was responsible for that very radical reduction. Last week we had a shipment of 117,600 tons, which is by long odds a record shipment of the country. The record shipment up to last year was 3,600,000 tons, and last year we produced about 4,000,000 tons, an average of 79,000 tons a week. Last week you see is almost 40,000 tons ahead of the average of last year. So I don't feel that there can be any possible criticism of performance; I think the Steel people are doing perfectly wonderful work, but the necessities of this occasion justify something more than we have been doing regardless of how good that has been. As a total we need 22,826,000 tons. That has since been increased to over 23,000,000 tons for the last half of the year and for the first six months of this year there were 19,700,000 tons of ingots produced on a 70% basis. We might get 72%, but with the severe specifications and critical inspections, I doubt very much whether we are getting over 70% of the ingots production which would only mean a little over 14,000,000 tons production for the first six months of this year. Now, our requirements for the last six months are 23,000,000 tons and as I say it falls on a few particular lines. If that tonnage were demanded equally of proportionately over all the productions it will not be such

a critical situation, but unfortunately for us, it falls on these particular lines to such an extent that it is going to be extremely difficult to supply. As a matter of fact, I see no possibility of meeting the demand, the War program; it is bound to be delayed to some extent and it is our job and our purpose here today to discuss ways and means to minimize that delay to do all we can to prevent any serious delay. Up until the last three or four weeks transportation, I think, has been taking care of the demand. I met in Pittsburgh the day before yesterday Mr. Clingerman, and other people in that district, who told me that in the last three or four weeks transportation has materially restricted output and I believe in many other cases there is no question but that that is true; fuel is the limiting factor
5 and particularly by-product coal, and that promises to become more acute. That is the situation. I would suggest that Mr. Farrell, or the Committee, give the real facts where production is restricted, whether fuel or transportation, and the definite facts.

Mr. Baruch. First, I want to say to the Steel people that we realize that the by-product coal has been one of the limiting factors and we have so notified Dr. Garfield, and he probably will be able to say to us and to you, himself, what his difficulties are.
6 I think before we go further, perhaps, Dr. Garfield can illuminate upon the conditions and situation from that standpoint.

Dr. Garfield. I realize that the most serious phase of the coal program, of the Fuel Administration, at the present time, is the inability to supply the required amount of by-product coal. I need not spend any time saying to you that the by-product coal is in the ground—enough of it. It is the question of getting it out, which is a labor question, very largely, and of delivering it, which of course is a transportation question. Part of the difficulty is due to this also; that the by-product coal is naturally desired by a great many people who don't need it for by-product purposes but wish to burn it because it is the quality of coal that they like. Just as we have thought to untangle the situation that was produced by cross hauling and long hauls, unnecessarily long hauls, through the zone system, so in the matter of by-product coal, which we have had to go free from that zoning because of the very nature of the use of that coal, it will be necessary to free it from some uses in order that it may be devoted to the particular use for which it is needed. As nearly as we can get at the requirements for the year, they will call for something like six million tons more of by-product coal than we at the present time could furnish. I don't mean that there is six million tons now required, but as we can forecast the year, with the increasing demands of which Mr. Replogle has spoken; six million tons is what we think we will have to be able to supply. For Mr. Baruch's immediate needs, we ought to secure a million tons right off, more than we have got; and I know a way in which that can be done but Mr. Gray would be able to tell us whether it is going to be feasible to work that out. If we take the coal that is burned under the locomotives from the Pittsburgh feed and the Westmoreland, if it is feasible to take about five hundred thousand tons of by-product coal away from the railroads in those two feeds, it is feasible so far as our replacing that with other coal is concerned; but if feasible on other accounts, then we could

secure for Mr. Baruch's use, one million tons of by-product coal, more than we have now. I mentioned that the other day to Mr. Hines, Mr. Gray, when we were discussing this and so in a certain sense it is like passing the problem around and yet I want to assure you all that there is no disposition on my part to shift the burden of this, because it doesn't shift the burden of the Fuel Administration at all, because we have got to furnish that amount of coal; it is only a question of whether it is feasible to run the locomotives with a good quality of steam coal, which of course we have to take away from somebody else; we have got to take it away from the
7 nonwar industries; they will have to bear the burden, but we shall do that only. We shall not ask the railroads to take any coal. We have to give them coal that will accommodate the locomotives, meet their needs, otherwise it goes without saying the transportation is going to be hampered. So the problem is very properly one that should be talked about or talked out in a conference like this because we are all involved. There is a certain amount of relief also that can come by reintroducing a cross haul.

8 Mr. Tyler of the Railroad Administration explained to me the other day that now the Government has taken control of the Railroads, it was possible to take certain coal tide water to Hampton Roads that lies West of certain byproduct coal; it is really a cross haul, the byproduct coal being taken out and sent West and to take this coal lying West and bring it East to tidewater, which is a cross haul, but it is not possible to do without stopping or impeding the transportation because they can use lines that formerly were competing lines and could not easily be used. Wherever we can make a shift of that kind we shall do it because as a matter of fact a certain proportion of byproduct coal is now going to New England and is used for other than byproduct purposes merely because that byproduct field happens to lie nearest tidewater and therefore makes the shortest haul for the New England coal. Those are the shifts we will make and if it works out with each of the other Departments involved some saving or increase of byproduct coal can be secured in that way. There is one other feature that I know you are all familiar with, but I stated it merely because it was so often misstated in public print. People say to us—only last night I read an article in one of the papers—they say to us: "With the billions of tons of coal in the ground, byproduct, as well as others, why doesn't the Fuel Administration get it out, and get it to the places of needed supply?" It has already been stated and as I say you fully understand that with the labor shortage, caused directly and indirectly by the War itself we cannot take all the coal from the ground that we might otherwise take even if the miners worked six days a week and eight hours a day. Further than that every day we have brought to us proposals to open new properties or to extend old properties; a good many of those we turn down because they ought to be turned down as old properties. An expert committee acts on that for the Fuel Administration; but after we have passed it it still is true that it may have to be turned down because of the Railroad Administration not being able to go on indefinitely building side tracks and extensions and Mr. Baruch may have to turn it down because he sees that he cannot furnish the steel to equip the

mines to extend or open up; so it is a very tangled problem. Wherever we can do it, where circumstances permit, we are opening up or extending and only this morning I was with the Secretary of War, and the Secretary of The Navy in the matter of certain coal that can be taken care of as far as transportation is concerned because it is a river proposition. The only thing in the way is the question of labor and that is a serious one. But with this particular coal I could take it and hand it over to them—it would release so much coal that an equal amount of coal that they are now using for industrial purposes would be released.

Mr. BARUCH. Mr. Gray, you might tell them about the Railroad transportation.

Mr. GRAY. Mr. Baruch, we have already been making those trades that the Doctor speaks about. I don't know about this par-
9 ticular one, but I do not see any reason why if we can be given a Steam Coal, that we cannot make that shift. Certainly it is a desirable thing to do. I want to say this one thing about the Railroad situation. Naturally we have been effected by the same shortage of labor that everybody else has, and it has been particularly true among enginemen. When we were getting along as everybody knows in very good shape until about three weeks ago we had this extraordinary hot weather, our firemen just went to pieces, and that limited our transportation practically through a two-week period.

10 I think we are getting back on that now. My judgment is that you are going to reach a point probably pretty soon, as we get into any severe winter conditions where the importance of this byproduct is going to justify a preferential car supply for byproduct mines.

Mr. BARUCH. Why should it not be done at once?

Mr. GRAY. It is justifiable at once in my judgment.

Mr. BARUCH. How will that be done, Mr. Gray?

Mr. GRAY. Why we can arrange that upon a request from you.

Mr. BARUCH. I will make it a formal request now, and put it in writing later if it is agreeable with Dr. Garfield's conditions here.

Mr. GRAY. I want to get the reaction on that?

Dr. GARFIELD. I do not believe I could quickly say "yes" to that because that will complicate very much the total proposition. If there will be an extra-car supply to pull out the byproducts coal more rapidly that takes away the car supply from steam coal that we got to furnish in replacing and at once unbalances the transportation situation. I think it is like the New England proposition. It has already, for instance, very properly been said to us, "we can send 200 more cars into New England through the gateway", "very well; that means 200 additional cars." "We have to take them from somebody else", they said. "That is a different proposition."

That is the difficulty, is it not, Mr. Gray?

Judge PARKER. But there is, Mr. Chairman, cars being used today, coal cars, for the transportation of road-building materials. That could be released for the transportation of coal, could it not, Mr. Gray?

Mr. GRAY. Yes; that is not as much an item now Judge Parker as it was a short time ago. I am beginning to shut that off arbi-

trarily. For instance, on the B. & O. we have been doing that for the last 2 weeks; the situation was a little more acute there so we commenced our withdrawal of cars for other service on the B. & O.

Judge PARKER. But this byproduct coal situation is so acute that in order to increase the number of cars available, without unbalancing the coal program, should not every available coal car be used for the transportation of coal if necessary rather than the transportation of something else?

Mr. BARUCH. But that does not interfere with the road-building materials; it all depends whether that in turn will unbalance some other war program. If for civilian uses it ought to be cut out.

Judge PARKER. There are very few road-building projects now that are strictly war projects.

Dr. GARFIELD. There is this item, I called it to Mr. Hine's attention yesterday. Mr. Gray, in looking over the weekly reports of the week ending the 17th, the coal production fell off about 200,000 tons—196 or 197 thousand tons. That of course was not very serious but in analyzing the regions from which it fell off I discovered that in the byproduct field chiefly West Virginia the smokeless field, in other words the New River, Pocahontas, and Tonawa generally speaking those fields there was a falling off of 10 percent over the previous week and that reflected a little further in something like five and eight-tenths, something of that sort, whereas the average was considerable less than that. It was only something like 3 percent if I recall and in some of the field it was not nearly so important—it showed only 1 percent or even there was an increase. So
11 that I could express it this wise, that if the railroads can be sure that the byproducts coal fields get the fuel 100 percent of the supply of cars, that is allowed under an equal distribution, I believe we will have the least difficulty. I do not think you can unbalance it without making, simply passing the difficulty over to another field.

12 Mr. BARUCH. You won't object, Doctor, that if the further amount of cars could be released from some other materials in transportation that that should be given as a surplus, or added percentage of the byproduct ground?

Dr. GARFIELD. I should on this ground, that you cannot take byproduct coal away unless it was an absolutely new development.

Mr. BARUCH. With an increased production?

Dr. GARFIELD. Yes; but if it were taking byproduct coal away from some other concern now getting it, then if you would delay the deliveries of the steam coal which must go to supply that need, of course there are several. Unless it can be actually shifted over into the nonwar industries insofar as that could be done, of course it would not reflect in trouble on other departments or war industries.

Judge PARKER. Isn't that, Dr. Garfield, in the last analysis the result: If the movement of byproduct coal is increased for byproduct and metallurgical purposes and that is taking away from the Railroad you in turn use steam coal to supply the railroads to substitute their wants; you take that steam coal away from nonwar consumers and release the cars that handle the steam coal for the nonwar consumer.

Dr. GARFIELD. That is the process that must inevitably take place, but there are limits to it. Mr. Baruch and I know that from the special investigations that were made awhile ago, and you do also, Judge Parker, that when we looked into the question of nonessentials we found there wasn't any such beast; there is no nonessential in the sense that we can cut it off absolutely, but we can reduce and we can gradually reduce so that actually we can't form a given industry into a war essential. Therefore, we cannot pass that on beyond the point of reasonable curtailment.

Mr. LEGGE. Mr. Chairman, I would like to offer a word in regard to this. This particular thing has been done. We have done it along last Winter when this thing was so acute. We had a number of meetings which Mr. Gray attended, some of them the Priority Board, at which the special need of this byproduct coal was discussed. At the time the delivery of it was given special priority and under that operation the Railroads did accomplish a great deal. It relieved the railroad situation; with the warm weather and general improvement that thing has disappeared. I don't know that any ruling was changed, but I do know in last April we made a vast improvement as to what could be done in the way of handling coal on a special priority request. As far as I know, we heard no complaint of it not working out. It worked out as you indicated. It took it away from some less essential uses. We did it effectively and it really brought up our steel production pretty near to normal. Not quite full production, but very nearly so, by giving special attention to that
13 purpose, and my argument is that what you did do last March you can do in August if you set about it. It was then done as far as our returns indicate without any complaint of breaking down the system anywhere else. The amount of preferential treatment we gave it was not so serious that anybody else was put out of business because of it. I think you recall that, Mr. Gray. You worked on that for quite awhile with very effective results.

Mr. BARUCH. How would that effect your program?

Dr. GARFIELD. You cannot press it too far; it is perfectly possible to unbalance any situation without upsetting the base. You come to the question of recognizing the question in which we are travelling, and we have got to be very cautious about it. It will be perfectly possible to turn an immense flow of cars to byproduct coal for a few weeks, or a very short time, but it would to use the simile, "Rock The Boat Badly."

Mr. BARUCH. Isn't it possible to take this million tons by shifting around? You don't really take any coal from anybody else but you just transfer it. Isn't it possible to transfer a million tons of byproduct that will give us one million tons of byproduct coal that we want for the Steel Industry and it may be possible, we have to undoubtedly cut down the uses of coal by nonwar industries.
14 What has been done day by day? I do not know that that will give us six million tons, it could give us one million tons.

Dr. GARFIELD. It would pretty nearly, immediately. And the rest of the five million we do not need right off.

Mr. GRAY. That part is certainly possible; I do not see why that could not be worked out. I do believe we ought to have this other matter in our minds because I realize the fact that byproduct coal is the base of this thing—byproduct coal and coke—and we ought to be in a position where we can give preference to that.

Mr. BARUCH. I can understand Mr. Garfield's point; we cannot give it preference to the extent of entirely breaking up his whole method of distribution; however, you could go without doing that, I would like to know how far you could go. The distribution of byproduct coal to without detriment to the program?

Dr. GARFIELD. I realize that just so far as it can go it ought to go. There is one thing which has virtually been touched upon by Mr. Replogle last December, I remember in our conferences the situation at that time (I refer to those conferences of the Secretary of War's Office), the point came finally to this: It was not a question of merely cutting off "nonessentials", the term we then employed, but it has reached a point where we have got to choose between essentials which was more important and it was perfectly possible for the steel industry to go on manufacturing things absolutely essential to the war in such huge quantities that they cannot be used in this war, and so we must not there, I assume, overbalance the situation by producing more even of essentials than we can use; that is, than we can get to the front.

Mr. BARUCH. We have to check up that question of available tonnage to take care of the materials that is being made for the war program and the check of the War Department shows that they can handle it, as a matter of fact they can handle more stuff now than we are giving them, and the available tonnage that they have gotten in hand now will take care of anything that we have got contracted for now and we can deliver.

Dr. GARFIELD. I think the War Department can use—I refer to transportation to the front, so they can use it.

Mr. BARUCH. I mean the ships; and they have also found out that they have the available evacuation facilities in France to take the stuff from the transports and route it over to the front. That was the problem that worried us all.

Dr. GARFIELD. They can get all the necessary things, so that something essential would not go through and something essential is left behind.

Mr. BARUCH. I am not prepared as to that, yet, but they figured that they would get the materials that they had ordered. Now, we know they ship from locomotives to shell steel or power from day to day. Let us see if we can get something about this coal. Do I understand from Mr. Gray that you are going to take up and think it entirely feasible to shift this million tons which, as I understand Mr. Garfield, would relieve the immediate situation?

Mr. GRAY. I would not go that far, Mr. Baruch; I would say it is entirely feasible; it may upset transportation entirely. You see you give a longer haul; for instance, if he substitutes other coal now, that gives a considerable longer haul for the railroads. That all takes cars, miles, and all reduces the total. It is the kind of shift that he makes as to whether or not you are going to realize in full on it.

Dr. GARFIELD. The way to work that out, Mr. Gray, would be, I assume, for our distribution department, to meet you all or someone you designate.

Mr. GRAY. Just as we have done on the Louisville and Nashville; we gave up five thousand a day there of byproduct coal where we were getting it from two mines. We were assigned 37 mines; you can imagine the transportation difficulties that came about by that thing. They made very much longer haul on a good deal of our coal. We got an inferior coal which we were not complaining so much about. But it was not an even trade when it came to transportation.

Mr. BARUCH (continued). It seem to me as I see the picture here we are in a position where we cannot really think about so much the question of economical operations, but we got to make shifts.

Mr. GRAY. Mr. Baruch, that was not in my mind at all. I am talking about results. If they take out this operation from 2 mines and throw us into 37 mines—I mean the reflex of that—I am not talking in economical terms at all, but terms of performance, and it certainly cannot be as good. It takes more cars; more service.

Dr. GARFIELD. However, is that modified, Mr. Gray, by the fact that the coal from 37 mines has got to be hauled anyway? Only that it is a greater inconvenience for the railroads, I admit, but as a total proposition.

Mr. GRAY. It is just where it is going to, Doctor. Some of that coal we were using was going in opposite directions in short hauls. We take it and haul it to coal chutes; that involves probably twice the distance. But after all it is a thing we ought to do.

Mr. LEGGE. You asked us to give you a written request of order or whatever you choose to term it, because the Railroad Administration felt they could not without instructions discriminate between coal mines, coal user, and car supply.

Mr. GRAY. I think that ought to be done; you are in a position to discriminate, and we are not. If it comes to that point I think the request should be from the War Industries Board.

Mr. LEGGE. It should be made on the Railroad Administration to discriminate.

Mr. BARUCH. Now, as Mr. Garfield says, he can work that out with you. Whatever necessary request that is for me to make I will make it, and if you wish it put in the form of writing I will do so. It will have to be done so that the whole program can be worked out.

Mr. CAMPBELL. I would like to make a suggestion; we are pretty large users of byproduct coal. We buy all of that coal, but yet we are not producing it. We go out and make contracts with such people as McKenny, and it is very difficult for us to get people to contract. We get all kinds of coal, much of it, or a certain percentage of it, running as high as 3 percent in sulphates which we cannot use any large amount in byproducts. We must have it down to about one and one-half percent. But yet it is coal and can be used for a lot of things, but there is a lot of coal that probably is used out of the Pittsburgh district for other manufacturing problems; that is not so important that they might use coal low in sulphate but we cannot go and exchange because we got a contract with McKenny. If some power above us would just say to the different mines that this coal must go, byproduct and high sulphate coal must go for manufacturing coal, irrespective of our contract or the other man's contract it might increase your byproduct coal very materially and not decrease the general tonnage.

Mr. TOPPING. In other words, restrict the sale of byproduct coal to byproduct merchants.

Dr. GARFIELD. That Mr. Blauvelt has in mind constantly and I think we can do more than we have done perhaps.

Mr. BLAUVELT. I have nothing to do with that byproduct business.

Dr. GARFIELD. Where you requested some shift of that kind, if you will indicate the need where such exchange of that kind ought to be made, so we can specifically confine byproduct coal to byproduct uses, I will be very glad to bring that about with the distribution division as far as possible. I realize some things we cannot do.

Mr. BLAUVELT. Of course in that I think Mr. Galloway or Yerkies should have been here because that is absolutely out of my
17 province. I am helpless on that. We are working on that to a certain extent; there is no question about that. I do not feel in this locomotive business you cannot do it all at once, and so far they can Mr. Yerkies has a man who has been put there to devote himself to this one thing, and that is exactly the sort of thing that Mr. Yerkies and Mr. Galloway has in mind,
18 that he would work with these other users just exactly as these arrangements have been made with Mr. Gray in the locomotive steel, and when that is done it will accomplish a great deal.

Mr. CAMPBELL. We cannot turn this coal down. We've got to take it. It is all we have. The other day there was a lot of Bessemer Pig Iron for shipment and we could not ship Bessemer Pig Iron because we could not make it within the limit of sulphur which was required. We had to ask for a sixty because that sulphur in our coal was too high to make that pig iron.

Dr. GARFIELD. It don't suppose there would be any industry that would admit that it could use less sulphur.

Mr. BLAUVELT. When an Industry demands it and pays a premium to get it.

Mr. CAMPBELL. We would pay a premium if we could get it.

Dr. GARFIELD. May I take another minute to speak of a matter that Mr. Blauvelt brought up the other day. I know it is unpopular with the coke people, but there used to be a time certainly when the old beehive ovens made all the coke that was made and they made it out of coal that I understand was not byproduct coal but still it is coke. I have a feeling that we can do a great deal with beehive ovens even though it is true as Mr. Blauvelt pointed out the other day we haven't enough coal now to run the full supply. Nevertheless I do wish to work out still further that project to see whether we cannot revive some old beehive ovens. It would help out. I think we ought not to pass that by. It is like some of these piers that we have talked out. Here is a nice new pier along the C. & O. and everybody wants to use that pier. There is an old pier that used to be satisfactory and still can be used. It is not economical but it can be done.

Mr. CAMPBELL. I think there is enough beehive ovens if we can use byproduct to run, to their capacity. There is enough byproduct ovens to make up the shortage of coal.

Mr. TOPPING. We used to sell from one of our high sulphur mines some years ago, coke made in the beehive ovens. It was for a copper factory. That is about the only shift I think you could make that would insure good quantity. The Copper people can use most anything.

Dr. GARFIELD. It is not that we are insisting on a higher grade of steel that we ought not use it?

Mr. TOPPING. Today the standard of quality is so much higher than the quality of coal.

Dr. GARFIELD. Ought not we go back a little on that?

Mr. TOPPING. We have no flexibility on our schedule.

Mr. BARUCH. I am sure Dr. Garfield would welcome any suggestions from anybody of any practical shift.

Mr. BLAUVELT. Pardon me, I think that Dr. Garfield is a little bit under misapprehension about that quality. There are some places on account of their geographic locations where it is very important that beehive ovens should be kept in fuel products; it is not however because of the fact that you use coal in the beehive ovens that you could use in the byproduct ovens. There are a great many
19 coals that will make a satisfactory byproduct coal which will not make a satisfactory coke in beehive ovens. It is on account of structure that it is possible. Now the places where those beehive ovens should be kept in running and kept increased are in Alabama, Eastern Kentucky, and Southwestern Virginia and anything that we can do to increase the output of coke from those beehive ovens in that district is a direct gain in the whole steel schedule. We are using every effort that is possible to increase production from those particular beehive plants. I think that gives just a little bit different angle than we expressed.

20 Dr. GARFIELD. Your suggestion—we need not take the time of the group here to go into detail of that; I only mentioned it as one of the things we had to go about. In feeling about for every direction that we could move, that would be none of them.

Mr. BARUCH. Mr. Farrell, we would be very glad to hear from you.

Mr. FARRELL. If you wish me to state the situation I might be able to make a statement. I am very glad to hear this discussion on the coal question. I am not clear as to what period of time the million tons would cover, as to what period of time this million tons of byproduct coal is to be shipped.

Dr. GARFIELD. The term used was immediately. I should suppose within the current month or so. That means right away.

Mr. BLAUVELT. It is annual rates.

Dr. GARFIELD. But it can be used right off.

Mr. BLAUVELT. No; but if we can increase byproduct coal at the rate of one million tons a year, that would take care of it. In other words, about eight thousand tons additional tons of byproduct coal per month would take care of it now.

Mr. FARRELL. I was going to say it would cover a period of six months.

Mr. REPLOGLE. I don't think that is correct; Mr. Campbell's requirements and Mr. Clingerman has requirements; it means Mr. Clingerman your beehive would be idle; how much would those beehives require?

Mr. CLINGERMAN. We have been putting out beehive ovens because we have to use the same kind of coal for coke ovens. It would require about 15 beehive ovens to be abandoned.

Mr. REPLOGLE. That would require coal per month?

Mr. CLINGERMAN. That would be about 75 or 80 thousand tons a month.

Mr. REPLOGLE. You see there alone is nine hundred thousand tons and you need every bit of that.

Mr. BLAUVELT. A great part of those ovens should be shut down anyway. That is not all the additional coal. That is not all—in addition under no circumstances would they have any intention of keeping those ovens running. For their own needs they would use less coal to supply the same tonnage of coke, when they get the coke in the byproduct ovens, than now. I did not have anything to do with the making of those figures. I realize my knowledge of the situation is in the neighborhood of 80 thousand tons in addition to produce the coke, which would fill the vacancies and give a little bit to spare.

Mr. REPLOGLE. You mean by that every blast furnace would be supplied by fuel by 80 thousand tons of coal per month?

Mr. BLAUVELT. In addition to that you credit the furnaces with the coke that they would get from coal to the byproduct ovens that are going into blast.

Judge PARKER. This statement was made at the Priorities Board meeting last week by Mr. Calloway and Mr. Yerkies that the shortage of byproduct coal could not be supplied as long as the railroads continue to consume it with the present facilities for marketing. There was approximately three million tons of byproduct coal consumed by the railroads per annum, that that would just about make up the shortage if it could be diverted for byproduct uses—three million tons per annum.

Dr. GARFIELD. The six million tons as was given to me by Mr. Morrow as a result of that conference—they could not say now it was need, but if the rate of increase since the first of April was continued, we could easily before the year was over, we would deal on a basis meeting that, but that was the rate at which we were increasing; now these new demands coming in——

Mr. REPLOGLE (interposing). There are quite a number of new blast furnaces coming in these last 2 years.

Mr. FARRELL. Three.

Mr. BARUCH. Mr. Farrell, will you go on?

Mr. FARRELL. I was going to say that a million tons of byproduct coal for a period of six months would about balance this situation, but if this million tons is spread over 12 months it would not do it. That is about as succinct a way as I can state it. There has been a good deal of work being done by steel companies to utilize Pocahontas plant of the Illinois Steel Company—they are now using a mixture of Pocahontas and Connellsville. They are using about 10% of Illinois coal that we could never get our people even to look at, that they are now putting into coke. Of course, the Railroad situation to some extent is being relieved by the movement of coal by river. The corporations are now moving 7,000 tons of coal per day in barges from the Briar Hill to Clairton to plants. There are 1,280 ovens in the Clairton unit; 680 ovens will not be ready for a long time. We hope to get 640 finished by three months. It is claimed that this question of steel supply hinges on

coal and transportation. The transportation situation has been in pretty fair shape, Mr. Gray, up to within a few weeks ago. Of course, we must not forget that railroads as well as steel mills suffer through hot weather, and it was exemplified last week in the flat production of the two weeks; seven days in the mills, the first two days of last week were almost invariably 106 degrees in the most of the Pittsburgh district; not so bad in Chicago. The fact that the plate mills produced 117,000 tons of plate last week is a marvelous production.

Mr. BARUCH. That is the record, I understand.

Mr. FARRELL. Yes; you see this situation has not been visualized today; it has been visualized a year ago. This matter of increasing capacity and extending plants and rehabilitating it so you can get more production all the time. By the end of this year there will be additional plate production amounting to nearly 300,000 tons; that is being gotten from all mills. In addition to production coming in from the mills at Briar Hills; they will be ready for operation on the 1st of October. Then the tin-plate mills and sheet mills and bar mills will be in by the middle of October and that gives another 12,000 tons of plate per month, 7,000 or 8,000 tons of sheet, etc., and this product being built up in all directions, not necessarily by new construction, but by the expenditures of money in existing plants, the Donora Plant, which is the largest individual plant of The American Steel Wire Company, has been taken off of wire products entirely. We saw the necessity of it. That is being changed over at a considerable amount of money to produce plate. It will be ready to produce at the rate of 20,000 tons per week the first week in December. I understand you have already scheduled that mill about 60,000 tons of shells. Now, our committee——

Mr. BARUCH (interposing). When will that be ready?

Mr. FARRELL. The first week in December. I am sorry Mr. Clark is not here today, because he has been sitting with us every day with Mr. Gray, Mr. Topping, and myself, interviewing manufacturers of steel, which we believed were not doing their share of the total requirements for military necessities. When we have got to that point—I mean the larger producers reached the point where they were producing 99% and some odd percentage of their production for military necessities, then they felt they were in a position to talk to those producers that were not doing 30% and 40%. Now, the result of our interview with concerns like the Gulf State Steel Company, who could not possibly roll any shell steel, and The Pittsburgh Steel Company, who could not roll shell steel, and other companies, when we sent practical men from the different companies, not men from The Steel Corporation but men from Lackawanna, Republic, Benton, and some other group of these men in the offices of Mills of these companies and say to them that if there is anything they need from a metallurgical standpoint they can have it and have the assistance they want, and they sit down in conference with these men and show what they want; then we know they can do it, with the result that the Pittsburgh Steel Company is now ready to commerce in three weeks to roll 3,500 tons a week. They were never doing anything before; The Gulf State Steel Company, their mills are such a type that they cannot roll

shell steel, but they can do their share of other things. We were hampered somewhat in that instance because of the fact that the Italian Government notified them to stop shipping steel that had accumulated at New Orleans. That is shell steel; and 17,000
24 tons of steel were piled up in the yards; and when the inspectors of our committee visit their plants it is not Republic or Lackawanna but the American Iron and Steel Institute. We realize this is a serious situation. We study every angle of it. We wonder why 785,000 tons of steel at the gateways, New Orleans, New York, and Philadelphia and Baltimore, at Halifax and Montreal; we wonder why it is not being moved at little more rapidly, but it is being moved as fast as the ships can possibly take it. No ship can go to sea with a full cargo of steel; 785,000 tons of steel ought to be accelerated.

Mr. REPLOGLE. A small percentage of that is now obsolete. They shipped almost 900,000 tons more since January 1st.

Mr. FARRELL. It is not obsolete; if the steel works in southern France would take it and put it into shape.

Mr. REPLOGLE. Those are sizes, a lot of them they are up to 200 millimeters. "Obsolete" is a bad word, but they are sizes that they don't need right now. They say they are going to take them down. It would be a mistake to break it down.

Mr. FARRELL. As soon as our committee is notified that this 785,000 tons of steel is not available for use for military use in France, we better get hold of it and remelt it or do something with it.

Mr. REPLOGLE. It will be used.

Mr. FARRELL. It will lay there. There has been steel in the port of Montreal for 18 months. It is only 785,000.

Mr. REPLOGLE. They need something more vitally at the minute.

Mr. FARRELL. We practically went into the works of these people and showed them how they could do it.

Mr. REPLOGLE (interposing). I want to explain that lots of that steel was purchased at prices 3 or 4 times higher than present prices. Now, the Government that owns that says, "We are going to use that steel, but we need these other sizes more particularly right now, and we could not very well take that stuff that cost possibly ten cents a pound and shoot it back at 3½."

Mr. FARRELL. They took it from England, from the Northwestern Steel Works, from the Dallas Works, Wales.

Mr. REPLOGLE. I think we can take it better from wire, sheets, and material like that.

Mr. BARUCH. I think that the point that Mr. Farrell made to my understanding you want to utilize that in form or other?

Mr. FARRELL. It should be utilized. If it is obsolete it ought to be taken——

Mr. REPLOGLE (interposing). And a few months later we might make these same sizes; you cannot force them to use something they do not need right now. They want 75 millimeter and 200 millimeter. They have not the equipment to use it probably over there.

Mr. FARRELL. Our Committee has interviewed every manufacturer of the country capable of producing the steel; the last people we saw was the National Enamel and Stamping Company. We developed their situation; there is a concern with 8 open-hearth furnace through which they operate. We found that they stated they were

not able to run the balance of their open-hearth department because they had no pig iron. They had a contract, but their pig iron was allocated to be shipped to England and they had to shut down their works. We are trying in some way to get them some pig iron.

Mr. REPLOGLE. We will get them some pig iron.

Mr. FARRELL. They ought to be going; they can roll 700,000 tons a month of car steel.

Mr. REPLOGLE. They are running about 100,000 tons a week.

25 Mr. FARRELL. I don't suppose they are doing more than 20% of war work.

Mr. REPLOGLE. They are making car steel now.

Mr. FARRELL. It is not necessary to review the whole Iron and Steel situation, but our Committee have interviewed every unit and every concern in the Industry. Mr. Clark, Mr. Dinkey, Mr. Grace, Mr. Topping, and myself have given our undivided attention to that. So, we feel rather optimistically (perhaps I'd better not say "we"—I don't know, but I suppose I can say "I" as Chairman of the Committee); I feel rather optimistic as to our ability to take care of this situation. That is not based on your statement that you want so much steel, but it is based upon a survey that we have also made of the stocks of every forging plant, every shipbuilder, and every car and locomotive builder in the country. Now, taking plate, for example, we have taken forgings of these people; these reports are just in, Mr. Replogle, and I am going to turn them over to you. We sent them along as we got them. We found fifty big forging concerns that were well supplied with steel. We found nine concerns to be more specific, we found six concerns short of steel and two short of tools. As soon as our inspectors report this situation, we make a weekly survey of the shipbuilding situation. There have been shortages of steel in the shipbuilding situation, but they have not been general. They have been isolated. That situation exists—anybody that has been in the steel or iron business knows that even in times of depression, you will have a large number of customers, you will find in cases here and there somebody short of material, and somebody has more than their wants. That is more or less a question of redistribution. There is in the yards and in transit to the shipyards a little over, to be exact, 1,080,000 tons of steel.

Mr. BARUCH. In shipyards?

Mr. FARRELL. In shipyards and in transit to shipyards.

Mr. REPLOGLE. They need one million and one-quarter.

Mr. FARRELL. They need three million tons a year. The Emergency Fleet Corporation has gradually come to a point it is where it was thought they might get two, in respect to the shipbuilding program, and that is that the output of the whole shipbuilding of the country, they cannot average more than three finished ships per ship way. It is all well enough to fabricate a ship on the ground and work night and day to put it together. When you get your types, your barometers, and God only knows what, if we get three ships finished per year you do pretty good. That means, now means, that we are going to be called upon, instead of furnishing material for 12,000,000, and I heard it stated for 16,000,000 tons of dead-weight tons per annum, we are now going to call upon the Steel Industry to furnish 9,000,000 tons of dead-weight carrying capacity, which means 3,000,000 tons of steel. Now with respect——

Mr. REPLOGLE (interposing). Which, by the way, Mr. Farrell, is just about what we count upon.

Mr. GRACE. Those figures confirm what The Emergency Fleet schedule gave you?

Mr. REPLOGLE. Yes; I want to impress upon you that our estimate is about the same as Mr. Farrell said we needed.

26 Mr. FARRELL. Do you recall I gave you that estimate nine months ago?

Mr. REPLOGLE. Yes.

Mr. FARRELL. With regards to the shell steel situation. I am rather inclined to think you have got to find some more forging people pretty soon if you are going to cope with this program that you are confronted with. About shapes, we have been a little weak on structural shapes because it has been easy to take care of the situation to date. I don't believe there has been any shortage

27 of shapes. I do not believe there has been any shortage of shapes. It is just beginning to show. That simply means taking steel from wire mills and running it to beam mills. We are producing tin-plate at the rate of forty-six million boxes per annum. Forty-two million three hundred thousand. The tin-plate business is a seasoned business, whether there is a war or not, because the can companies produce the cans within a given time to can the food within a given time. So it seems to me, Mr. Topping, that there ought to be an easing up in the sheet-bar production. Now, then, there is something like two hundred thousand tons a month of steel going into sheet bars. In November that will drop down to one hundred thousand tons a month and we will catch one hundred thousand tons of sheet, then, beginning November, which we will hold until next March and then we can go over the winter.

Mr. TOPPING. Sheets are down to about fifty percent now.

Mr. FARRELL. There is no sheet being made required for military uses. That one hundred thousand pounds of steel ought to be in plates and you are about ready to ask me about the rail situation. This is the rail situation: We got, of course, these mills are all in shell steel. We are finding places like Donora with probably 20,000 tons a week; we find Pittsburgh steel, we think from the analyses we have made that it does not take forty thousand tons of ingot to make 15,000 tons of seamless tube. That is the statement made to us, but we have matched it up with other plants. We will get some product of the National Enamel, more product from Brier Hill, more product when you get your changes finished (to Mr. Topping), and you, Mr. Campbell. These statements are not made for the purpose—I would rather have not anybody say that I have said that there is going to be plenty of steel but I think you ought to be in— I formerly believed that if the byproduct coke ovens were taken care of and that the railroads take care of the steel situation, that we are going to be able to give the material to you as fast as your finishers, the people who forge it can take it. The people who make trench bombs and everything else—as fast as they can take it, as fast as you can move, because there are other things to move across the ocean besides steel and guns and in this grand synopsis where you marshal all of these figures there of your requirements, you will probably find an item of 135,000 tons of fabricated steel for the

gun factory N—— plant that will take 400,000 tons of steel commencing in November and it will run over a year and a half and it is just like a lot of these other propositions that are put up to us in large figures. Take the car situation when we were here in April.

Mr. REPLOGLE (interposing). How much of that steel will have to be rolled this year of the gun plant?

Mr. FARRELL. You mean for the building? Eleven thousand tons.

Mr. REPLOGLE. We have not a pound in for that.

Mr. FARRELL. A place has been made for it. We find a lot of things we know about, for instance this great business of fabricating ships over the country in Ottawa, Montreal—nothing in that. Our company have a plant at Hackensack with 12 wings—the American Bridge Company—for fabricating the steel.

28 They fabricated the steel for the first ten ships; the steel is ready for the second ten; and when they finish the steel for the thirty ships for which we have contracted, we are going to pitch them out of there altogether because the place for fabricating ships is on the ground. That is the reason why the fellows on the coast—Skinner and Eddy—they are not entitled to any of the credit for what they have done; the credit goes to Topping and these fellows who got out the material. Getting back to rails—you wanted 45,000 tons a week. You wanted 50,000 a week; you wanted 60,000 tons: your schedule is for 60,000 a week. Now you have 56,000 tons last week with the worst weather that white men could work in the mills, and I know for I have been there for 18 years myself. All of these men have been there. We will get your program on rails up to 65,000 tons of rails per week; no use talking about 90,000 tons unless you want to interfere with your 80 millimeter. Then again when we come up to the Railway Administration; Mr. Gray has been a railroad man long enough to know that an open-hearth rail, the steel carefully prepared and made of 0.6 phosphorus is as good as 10 phosphorus Bessemer rail, and yet the Railway Administration won't allow us to increase the output of the Tennessee Company by 12% by reason of the difference in phosphorus.

Judge PARKER. Can't General Pershing use all of those Bessemer rails?

Mr. FARRELL. Pershing is getting his rails.

Judge PARKER. I understand that the output from the Tennessee plants——

Mr. FARRELL. The Tennessee is a duplexing plant. We cannot make Bessemer rails there. For instance, the Illinois Steel Company has passed out of existence—is no longer a Bessemer plant. Today they do not make any; it was one of the best in the country.

Judge PARKER. I had the impression that Tennessee produced about 5,000 tons a month of that and if that was not acceptable to Railroad Administration that could to Pershing.

Mr. FARRELL. What I meant was that the lack of phosphorus from four to six—we could increase from 23,000 to 28,000 and 29,000. The rails that are going to Pershing are Bessemer rails or open-hearth.

Mr. REPLOGLE. Of course the other point of view in that is that 0.6 phosphorus is not lost; it is going into essential war work in other lines.

Mr. FARRELL. Here is the way we have to work at Tennessee. We cannot work three days on shell steel and three days on rails. We have run the entire plant a solid week and a solid week on shells. We get the most production that way. We are willing there—the plant was never rated at more than 23,000 tons a month; it is now going at the rate of 32,000 a month. Every week they roll 8,000 tons rails and then the other week they rolled steel and ran rails again so we can get the 16,000 tons a month.

Mr. REPLOGLE. I still feel, Mr. Gray, and I still feel—and I can see no excuse at all in the Railroad Administration not taking 0.6 rail and particularly in the Southern rails that are supplied by the Tennessee Coal and Iron because they are in the warmer climates and there is no particular reason that a 0.4 phosphorus rail cannot be used in the warmer climates where they are used.

29 Mr. FARRELL. 60% of the rails in the United States now are Bessemer rails.

Mr. REPLOGLE. They took 360.000 tons, but I believe the Railroad Administration ought to do that on 600,000 or 700,000 tons of rails and I believe they could do it with perfect safety.

Mr. FARRELL. Are you going to be able to get along with 65,000 per week?

Mr. REPLOGLE. No; we want 94,000.

Mr. FARRELL. What will you do with these rails when you get into the snow?

30 Mr. FARRELL. What will the railroads do with them? You mean you will be able to——

Mr. REPLOGLE (interposing). They will have to lay rail in the winter. They have done that many, many times.

Mr. FARRELL. Ever lay any rail in the Northern Pacific in the wintertime?

Mr. REPLOGLE. That is an extreme case; but there are a lot of rails laid around this district.

Mr. FARRELL. But they cannot handle 94,000.

Mr. BARUCH. There is a great deal in what Mr. Farrell says. It will be useless to give the railroads a certain tonnage per week—if a part of that tonnage per week they will not be able to lay during the winter months—but I presume the Railroad Administration must have accounted for that.

Mr. FARRELL. I would like to ask Mr. Gray a question, as a practical railroad man. You were on the Great Northern; did you ever lay any rails in the wintertime?

Mr. GRAY. No; except those that were broken. I have got up a good many mornings with 150 broken.

Mr. FARRELL. Do you think it would be a good plan for us—I say "us", but all in this proposition—do you think it would be a good idea to roll 94,000 tons per week and reach a period of November and December when these rails are backed up against your road up there, the roads in the Northwest and roads in New England and Michigan, and cannot do anything with them, and that steel was wasted, not wasted forever, but for six months, because when I say wasted for six months the steel ought to be going into these urgent military——

Mr. GRAY (interposing). That is hardly putting it fairly. We are so far behind with rails on railroads in territories where we could lay rails just as well in December as in July, and we will take care of all the rails in proper climates. We will take care of all the rails that is to be produced.

Mr. FARRELL. The railroads not having bought any rails for 2 years and now they are so thin they have to have the rails to put in; they ought to have been in years ago.

Mr. REPLOGLE. This is just completed for you. The balance is in coal mines, General Pershing's and Italy.

Mr. GRACE. I rather think that according to statistics you are asking for more rails than there is capacity. That requires a rate of output of five million a year.

Mr. REPLOGLE. When I say that is absolutely needed, I do not say we are going to be able to get that.

Mr. FARRELL. What percentage do you need for cars?

Mr. REPLOGLE. There is roughly about thirty-five to forty thousand tons a week.

Mr. FARRELL. In addition to that I think possibly with the shrinking up that we look for in the tin business—of course, it would be dangerous for us to talk about the tin-plate business if we were around the Food Administration.

Mr. BARUCH. None of them are here, Mr. Farrell. [Laughter.]

Mr. FARRELL. But we have been in this business so long that we know when we reach a point where we stop or curtail on tin plate. So if we curtail our tin plate in November, then we will catch up about 40,000 tons a month on Bessemer rails.

Mr. REPLOGLE. I want to say this——

Mr. FARRELL (interposing). I only want to say, Mr. Replogle and Mr. Baruch, and all gentlemen here, you can absolutely count on the steel industry; you have got a good committee working with you; you have got the best; you have got the best cooperation

31 from you and with you and you have got men that are working day and night to help win this war, and we are clearing up every possible place to get the tonnage you need, and I think within a few months that your expression this morning you are gratified to see 117,000 tons a week, last week, in weather when it was warm and was not hardly possible for a man to work in a mill.

32 You have seen reports—in my opinion the needs within the next three months will be within 130,000 tons a day. There is no question about it. You will see your shell-steel business all right if you don't crowd us too hard on rails; I don't want this opportunity to pass without saying all my colleagues with me here agree to my saying that 94,000 tons a week is absolutely out of place. There is one more point; the steel industry expects to get a million tons of byproduct coal within the next six months. And it expects the railroads to move our material in and out if we are going to carry out this steel program, so don't put all the onus on the steel industry if we fall down, because we won't fall down if you give us one million tons of byproduct between now and the next six months; and if Mr. Gray moves our steel, the steel industry will come through.

Dr. GARFIELD. I want to promise about that million tons of coal; how much more have we got to have than a million tons according to your estimate of the needs of the steel industry by the time we get into open weather next spring?

Mr. FARRELL. Some people say that we require three million tons a year; my own impression is that by using this mixture of 10% of Illinois coal—and something was said, I think by you today, that people have frowned upon this poor coal, the feeling in the steel industry is that it is not metallurgical coal, but there is a lot of that material that can be used and there are a lot of things that can be done where we all have arrived at a point where we don't consider anything impossible. I think two million tons more byproduct coal will cover the situation. I make that statement not as Chairman of our Committee but as an individual; Mr. Campbell might not agree with me.

Mr. CAMPBELL. Absolutely; there is coal now in the Pittsburgh district that is being used for steam coal that we could use for byproduct use. The statement of Mr. Blauvelt is true; you can use a lot of cats and dogs if you don't get to suffer too much.

Dr. GARFIELD. Then the statement that was made to me that we are going forward at a rate that will speed us up to 86,000,000 additional ton requirements for byproduct coal is one of those exaggerated statements?

Mr. FARRELL. You have heard my opinion here; here is Mr. Grace; here is Mr. Topping.

Mr. GRACE. I will say I think you will cut that in half. I think 43,000,000 tons would answer.

Mr. TOPPING. I think Mr. Grace has the figures right.

Mr. DINKEY. I think they have projected a percentage figure that would not quite hold good. I don't believe we will be able to reach it with the construction.

Mr. FARRELL. You don't have any hesitancy to disagree with Mr. Clingerman.

Mr. CLINGERMAN. I am hardly in a position to give an answer as those who have a broader vision on the steel requirements. I don't know the number of blast furnaces coming in, but I feel, Mr. Farrel, your figure is nearer right than the 3,000,000.

Mr. BARUCH. Mr. Farrell, Dr. Garfield just asked the question——

Dr. GARFIELD (interposing). That means for the year ending April 1, 1919? That is the coal year.

Mr. FARRELL. At the rate of 2,000,000 per calendar year.

Mr. BARUCH. That is 160,000 tons per month around to the first of April?

Mr. FARRELL. Yes; at that rate. You see what it means. Your coal situation—you are in a position to save the ship; we cannot produce steel unless you give coal to the steel industry. I am not speaking for The Steel Corporation; while we have trouble at The Illinois Steel Company our Pittsburgh and Valley situation is more or less taken care of because we have built the coke ovens at Clairton, Newburg, Cleveland, Lorain, and Mr. Clingerman, of the Coke Company, is furnishing coke, and we are bringing out—we built the equipment, we built 200 steel barges that carry a capacity of 800 tons each and 2 tugboats, and for the first time in the navigation of this country we have built Ice Breakers. We are trying to keep the Monongahela River open in Winter. We are building Ice Breakers. It is at my suggestion to do it anyway.

Mr. TOPPING. Dr. Garfield, just as a suggestion of the flexibility of the coal situation in byproduct ovens: Four or five months ago what was called the "New Field", one operating mine in the new shaft that we are developing have now got our output up to 75,000 tons of coal a month and we will probably have 100,000 tons of coal in a few weeks more. That coal was never regarded as a coking coal for certain Bessemer propositions; we don't care, we put that into our byproduct ovens because it goes in our steel mills. Heretofore that has been going to Westinghouse and other purposes for steam purposes; that is, the Bessemer coal and coke we bought several months ago with the knowledge of your committee that we could buy it and use it if it went into this territory. We took it over—that is a clean case of conservation; there is a good deal of that hard phosphorous coal being brought in by Washing Operation. I quite agree with his statement that there is a great deal of coal that is going into other products that never would have gone into beehive; I agree as to his statement of the productive possibility. I think we have pretty nearly reached the limit of ingot production because that is based on coal, coke, and pig iron. The measure of production is pig iron. You cannot build blast furnaces quickly. It takes a year, or a year and a half to get one going and we probably won't have the miners to get the coal. It looks like it is a case of conservation to save the steel that we are producing. I think we can fairly estimate 36,000,000 tons for the next twelve months, possibly 37,000,000 tons, although I think that is doubtful. If we will do everything we can to conserve steel for the more essential uses and cut off the less essentials, assuming that all are essential uses. We believe that if your estimate is correct, as I said to you this morning, if you can fabricate, transport, and get away with your requirements, estimates, I agree with you that we are going to have a shortage of steel. But I am inclined to prefer Mr. Farrell's judgment based on shipbuilding and fabricating material from reports coming in that transportation and fabrication will disappoint you in the consumption of steel. I think, however, we should begin at once to cut down consumption of steel that goes into tin plates, wire, sheets, and every purpose where we can find a possible chance to cut off and save. In connection with that there is a small item that amounts to 300 or 400 tons of steel. As I said to you before, it seems to me we should take up this question of standardization of shell steel; it doesn't involve the manufacturers of steel or method of forging. If the British and French can use a steel and forge it, I don't see why our shell manufacturers cannot do the same thing. I think 6% of the ingot ought to be saved in such a standardization.

Mr. REPLOGLE. I will ask Mr. Topping to work that out. That has been discussed by the Committee, including your experts, and the Baltimore meeting and the Ordnance Department went so far as they could possibly go. Major McCleary, what do you know about that?

Major MACCLEARY. Why, there is a movement on foot now to lessen the use of steel and increase the use per ingot.

Mr. TOPPING. That is the whole point. In a general way that would run something like this on the British specification; you would probably get a loss of probably 25%; French 30;
35 in our case American standard 36 percent. It is all nonsense to have three standards. There should be a standardized method which will conserve gross tonnage of steel. If we can save 6 percent that is 360,000.

Mr. REPLOGLE. It is a question of interpretation of inspection. Major, will you go into that? I want to agree with Mr. Farrell in some things he said, and I want to disagree, in others. I want to endorse the attitude of the Steel Committee—it has been perfectly wonderful, I think in view of all conditions, the labor situation and the weather conditions that the performance has been absolutely remarkable. We are breaking records on the essential productions right along. But it is perfectly inconceivable to me how Mr. Farrell can say that he is optimistic about taking care of the situation when we are falling down every week and have for 6 months; there has not been a single week where we are meeting the war requirements. Mr. Dinkey has had plates for Italy for repair of urgent ships down there that were damaged in the Mediterranean by submarines; we are 3 or 4 months behind on those things; we give the locomotive requirements to the American Locomotive Works and they say we possibly cannot meet them. We say "you must meet them regardless of what it means to the Emergency Fleet Corporation." We are starving the railroads to death. We have been doing it for 6 months. We have a list of stuff for the Allied Governments for which they are in urgent need. We are denying Canada the shell steel they need. They are furnishing 40 percent of the 155 millimeter for the British Army. They are shutting down the munitions factories over there because we cannot give them shell steel.

Mr. FARRELL. Is there any shell-steel factory in Canada waiting for shell steel?

Mr. REPLOGLE. I will give you a list of them. We absolutely refused to give them 40,000 tons which we see no possibility of getting. We are not as bad this minute as we will be in a few days.

Mr. FARRELL. We found a shell-steel plant in Canada with 50,000 tons of steel on the track and they telegraphed that we stop shipping.

Mr. REPLOGLE. On the 82 millimeter it is absolutely critical; there is hardly any forge shop in the country.

Mr. FARRELL. It was 82 millimeter at Canada Forge.

Mr. REPLOGLE. I will finish and Mr. Bonner can give his figures.

Mr. FARRELL. Those statements you are making are all accepted—I mean the only point is that sometimes we know about the situation.

Mr. REPLOGLE. Here we ask you for 60,000 tons of billets for locomotives and you tell us the best thing you can do is to start shipment January 1, and we need that stuff now.

Mr. FARRELL. Where is that?

Mr. REPLOGLE. They were placed several months ago.

Mr. BONNER. They are being worked out now.

Mr. REPLOGLE. We have shipyards up in Canada, Vickers, and Coglands, and they have ships that are in need of plates right now. And I can give you a list. I have given Mr. Bonner a list. I can give you a list of 9 or 10 shipyards up there. They are up against

it. We are denying these applications all the time and we are not meeting the war conditions. That is the only thing I criticize the steel Committee for saying that we are meeting this war requirement and we have not in any case.

36 Mr. FARRELL. You give us the cases and we will investigate them. Bearing on this Canadian situation, Mr. Replogle, I would like to tell you we are building steel works at ————, opposite of Detroit. The Canadian Government would not allow us to ship any material into that plant from this country. The Canadian Government do not allow any material to be shipped into it.

Judge PARKER. What plant is that?

Mr. FARRELL. The Canadian Steel Corporation at ————.

Judge PARKER. I imagine that we can help you out on that.

37 They are here constantly asking us for Priority to ship into Canada. There ought to be some reciprocity about it.

Mr. FARRELL. I would be glad to take that up with you.

Mr. REPLOGLE. I have given a great many cases, but I will give you hundreds. We are not—if the Steel Committee wants it, I will be glad to give it to you.

Mr. GRACE. Mr. Replogle, haven't you got this situation, as I see from your producing standpoint; we could save approximately 300,000 tons—I don't believe 300,000 tons—with coal and transportation; I don't think you need to anticipate we will give you any less than 3,000,000 tons a month. What do you want to do?

Mr. REPLOGLE. Our estimates show it necessary. We are going to divide that now. I have asked you Gentlemen for that tonnage, not for six months, or by the year, but for each month from now on, and then we will allocate that and divide it up into materials most urgently needed in proportion to their being most essential. We have cut sheets down to 60%. Sheets have got to go to 50, and Wire has got to go 50% operation. And despite the protest of The Food Administration, tin plate has got to go down, and even with that I cannot see any possibility of meeting the situation.

Mr. GRACE. If 3,000,000 tons production, Mr. Replogle, won't meet your War conditions, then the capacity is not in the country to meet it.

Mr. REPLOGLE. If 3,000,000 tons could all be applied in just the production we need, that would be all right.

Mr. GRACE. Aren't you going a long ways when you say you are going to cut your pipe?

Mr. REPLOGLE. We cannot wait for you until December for you to go on 82 millimeter when Pershing needs it now.

Mr. CAMPBELL. I just want to make a suggestion to Judge Parker's Priority Committee; I think they are giving Priority to Wire men and things like that where I don't believe it is needed.

Judge PARKER. That is only where subordinate to these other requirements. If you produce it and have it on hand, we are giving direction on it.

Mr. REPLOGLE. In addition to that. The Assistant Director of Iron and Steel Production was here from England the other day and he said they must have 1,100,000 tons of pig iron; I explained to him that just shuts down our mills to that extent, because every ton that

we give them robbed our own Industry to that extent and I felt that in view of the necessity for conservation of cargo space it was a great mistake to ship raw materials abroad. He said they have taken 126,000 men out of the Collieries and put them over to France, and that France and Italy are even in more desperate shape and largely on account of the fuel situation. He said, "We must have that Iron to provide for rapid changes in our War Program, a reserve; if you need 82 millimeters we have got to concentrate on that; we must have the pig to do it."

Mr. FARRELL. They are running five furnaces on ferromanganese in England.

38 Mr. REPLOGLE. We haven't given them that Iron. We told them that we do not see any possibility of getting it.

Mr. BARUCH. Any member of the Committee; we would be very glad to have them speak as frankly and freely as possible.

Mr. LEGGE. I want to say a few words to the Steel Committee on two subjects. First is the Allied Tonnage, and the stuff accumulated at the seaboard. We would like to get a revised statement of the result of that investigation from your Committee. A great deal has been accomplished in cutting that down. In the case of France alone——

Mr. REPLOGLE (interposing). We have that, Mr. Legge. Here it is right here.

Mr. FARRELL. It comes from my Committee in New York, and we have sent it over to you.

Mr. LEGGE. I started in a year ago today; the French at that time had barely 1,060,000 tons at seaboard; it is less than 500,000 this year. Not all steel, but that is gross steel that they have accumulated; the first report that they furnished is on that basis. It has been reduced to less than 500,000 tons.

39 Mr. REPLOGLE. Right on that, Mr. Legge, it is 492,000 tons, including everything—cranes, machinery, explosives—everything. Here is the statement from the railway people themselves.

Mr. LEGGE. I am speaking about the French Government. More can be done—I do not say that is all that can be done, but that has been coming down constantly for the last 12 months. They just agreed to reroll a matter of 15,000 tons of that so-called "obsolete" stuff today. They can do more, and this Italian stuff you speak of—we want to get a line on that.

Mr. FARRELL. The 16,000 tons of scrap the other day—that is moving.

Mr. LEGGE. On the general situation I want to repeat what Mr. Replogle has said. The Steel Committee has done a lot. In one way I want to hand them my compliments—this morning you have accomplished a great deal, especially in view of the figures that have been submitted to you. The estimates as to what was wanted were terribly misleading the first few months. The first estimates covered only 14 percent of the steel supply for military uses, and that was estimated by the several Departments at that time. I took it up with Mr. Farrell at the time; he put the figures between forty and fifty percent as an offhand guess at that time. As a matter of fact, we were not getting 14 percent now for all other purposes. The first tabulation prepared showed only 14 percent of the steel output of this country required to meet the military program, and that was made up of figures received from the Department. Now, we are talking about the development that has taken place in 12 months. Now, the other point is that your organizations are doing things from day to day that handicaps our work seriously. On the question of conservation I hope that nobody is going to be lulled into any feeling of security because you are hopeful of meeting this. Because this has gotten worse every week in the last 52 weeks—every week has been worse than the one before. While it is true they have 100,000,000 tons in the shipyards, it is also true that the stuff is not in the right place.

Mr. FARRELL. If we got the report today, the mills are on the stuff tonight.

Mr. LEGGE. Here is what your men are doing and saying. We have industries here every day and point out to them the need of curtailment, conservation, and reducing their output, and that is no pleasant task. It is a constant grind. Everybody thinks his industry is absolutely essential and that he is discriminated against some other industry, and yet your salesmen are writing these men, "we hope your allotment of tonnage for the next few months will be better"; now, there is not any core to this apple. There is not going to be any allotment. You are making it harder for us.

Mr. FARRELL. We are glad to get that information.

Mr. LEGGE. We have had it on a lot of structural work.

Mr. FARRELL. Could you refer those letters to us when you get them?

Mr. LEGGE. We cannot do that; it might be a surprise to some of you. We turned down the German Mayor of the city of Chicago. He came in from the Ohio steel business and said we ought to be able to take care of his requirements.

Mr. FARRELL. That is over the dam now.

Mr. LEGGE. That is going on from time to time. We want to get back in spirit as well as in fact. Not only do all you can do, but to get more steel and make it plain to your people that what we do is necessary and has to be done.

40 We can cut down that requirement 25% and then can we not recover it? We can produce all of this production. Every time we ask a Department to figure these requirements, they come back larger than before. You can shrink your stock 25% and you cannot meet the stuff to save your soul. In view of that fact, there is no use talking, we got to talk about the nonessentials and we have got to go right into the heart of the essential business and trim it down and keep on trimming it if we are going to get by with this war game. I am asking you to get back of that proposition and support it because it will be a whole lot easier to convince the fellow who has to be put out of business if somebody else is also telling him it is not necessary. We have not got enough steel so that lots of them can run and we have to reduce and keep on reducing. That was the point I wanted to cover, Mr. Chairman.

Mr. BARUCH. Anybody here have anything further to say? I should like to close it and give you these last few words. The demands upon this country and particularly upon the steel industry—I don't think they are as big as they are going to become. The whole military program as outlined in the Inter-Allied Council is being

limited and will be limited by the material resources of this country. Whenever an army makes an advance it means steel.

Mr. LEGGE. Whenever they make a retreat it means more steel.

Mr. BARUCH. We hope that is behind us. Every place where there is an Allied Army, no matter whether it be Italian, French, English, or American, there is a demand upon the resources of this country. The figures we have represented to you we can add to because we have additional demands for the Mesopotamia campaign. The whole Siberian projection rests upon the question whether we can support the men there with material. As soon as that advance starts, it means steel. The whole question on the Western Front is a question of metals. It is not to get it there January or February—not day after tomorrow—but today. We have got to get it on the Western Front, the other is in front of us. The other is an immediate thing. We want the weight of metal. If we cannot carry out this program, that is what I want to find out from this meeting—if we cannot meet this program it is time for us to inform the present military chiefs on the Western Front—we have got to say we cannot support you; we have not got an adequate supply of steel and you have got to sit there and wait or go back because we did not support you on steel. It is really up to that question. You have all done wonderfully in a great way and personally I appreciate it, but there is nobody who can do this job but yourselves. It is really up to that question. If we cannot meet it, we ought to let our military chiefs know at once. If we cannot meet this—if you think we cannot—let us say so and give them the facts, and I want to get that in front of you because I think it is a fact.

41 Mr. FARRELL. Mr. Baruch, have you inquired from the Shipping Board as to whether or not they would be able to move this material?

Judge PARKER. General Johnson made that survey.

Mr. FARRELL. Supposing they could produce this 22,000,000 tons of material—can it be moved by the Shipping Board?

Mr. REPLOGLE. That is not all for shipment abroad, of course.

Mr. FARRELL. It is eventually for shipment abroad.

Mr. BARUCH. You mean can they transport that abroad?

Mr. FARRELL. Yes.

Mr. REPLOGLE. There are millions of tons for the railroads.

Mr. BARUCH. I understand your question of material made for abroad can be made for abroad.

Mr. PEEK. That survey was made, Mr. Baruch, and that showed that after they had carefully analyzed that they could.

Mr. LEGGE. If the Shipping Board delivers the amount of tonnage that they are planning to, or some figure less than that, or some discount allowed for emergencies, their figures indicate that they have a limiting figure greater than the present producing capacity. This don't mean, Mr. Farrell, 22,000,000 tons for transport for overseas. The largest consumer is Mr. Gray over there. The next largest consumer practically is what is going into shipment and that is used up in this country and you get to refine it down to what you have to go across seas, it is a much smaller figure.

Mr. TOPPING. Does it amount to one million tons a month?

Mr. FARRELL. When will the Shipping Board get up to a movement of one million tons a month?

Mr. LEGGE. I cannot answer—I think next April.

Mr. TOPPING. One million is what I had in mind as to what they thought they might reach in the near future.

Mr. FARRELL. I get the gravity of your situation and the points that you present. I don't overlook the importance of it.

Mr. BARUCH. You can do just so much, and all we ask you to do is a little more.

Mr. FARRELL. Don't you think, Mr. Chairman, you are fair about these things? Before we were asked to say to you that we cannot meet the requirements of this Government, that we ought to have an opportunity to sit down with the shipping men and the other men and get our bearings on this situation?

Mr. BARUCH. I would be glad to afford that opportunity because I want some men like yourselves who know about the game, to check up what the Shipping Board tells me or the Railroad Administration tell me, because after all, the final decision will rest here. I welcome that opportunity.

Mr. FARRELL. I don't want the opportunity alone—I think the Committee ought to do that.

Mr. BARUCH. When I speak of you, I mean the Steel Industry. I welcome that suggestion.

Mr. FARRELL. We dropped down from 16,000,000 to 9,000,000 in the Fleet Corporation.

42 We know where we are at for the first time since we started on the voyage.

Mr. BARUCH. Please don't have the idea that I or our people are critical.

Mr. FARRELL. I don't think there is a man in this room and I don't care who the man is, that realizes more fully than any of our people. My God, we are getting our people to spend money right and left. The other day I got our people to authorize an expenditure of fifteen million dollars for four of the largest dry docks; three million dollars for a machine shop to take care of the repairs. Here is our country with about thirty-seven dry docks and building a fleet of three thousand ships, with England with three hundred and twenty dry docks. It is not a question of one thing or the other, it is a question of everything in this case. I know you are aware of the fact that we are doing all of this and we are going to do more if we can. We have visualized this thing.

Mr. BARUCH. No matter how big a thing you think it is, steel is the biggest. I understand Dr. Garfield is going to work out this byproduct coal—when you got a complaint or a criticism, I am sure that Dr. Garfield or the railroad situation—Mr. McAdoo says, give me the particular instance where the Railroad Administration has fallen down—I want the figures. If you gentlemen will furnish me, Mr. Garfield, or Mr. McAdoo, any particulars where the railroad has fallen down, he will welcome it.

Mr. TOPPING. There is another thing that ties in with this future operation. Heretofore, in meeting the draft calls, some of us have stood in the way of exemption. We have not in our company, I think, generally speaking, I understand the tin-plate people got a broad general exemption. We lost nearly nine percent of our men. Now on this next call, it seems to me, there should be in order to

support this greater production that is necessary—I don't think the production increase is going to meet it. I think we have got to adopt means and conserve to save steel for more essential uses and cut down steel for less essential uses. But back of it all, I think we have got to have the Board's instructions to give pretty broad exemption so far as our labor is concerned. I know we are pretty badly crippled and many of our neighbors are in just as bad a shape.

Mr. FARRELL. We have two hundred and eighty-five thousand men on our pay roll on the 5th of April, 1917. We kept a complete record of our men because each has a refund. We have 25,940 of our men actually in the service today that have been drawn from the industry. They were the people, most of them, that were important to the industry—skilled labor.

Mr. BARUCH. Mr. Frankfurter, of the Labor Administration, is here. He might enlighten you on that.

Mr. FRANKFURTER. There is a committee at work on that problem headed by Charles Mead. That Committee is broadly at work on the whole problem with relation to the military industrial man power. With respect to the new draft law and the new regulations of General Crowder, I think it might be worthwhile for Mr. Topping's and Mr. Farrell's Committee to meet with Mr. Mead and lay their particular situation before him.

43 Mr. BARUCH. Do you think it would be proper for me to make any regulations on that problem?

Mr. FRAYNE. The whole program takes in the matter of every man that is needed in war industries. It is going to provide to carefully, not only consider the man, but to make plans whereby he may be kept in that industry. You ought to really see Mr. Mead yourself.

Mr. FRANKFURTER. I think it is now in process of being worked out. This is the time to bring all of these considerations before them.

Mr. FRAYNE. Everybody knows the necessity of this matter being given careful attention because the draft as provided for now, will greatly harm, if not entirely cripple many of the important essential war industries. It is being carefully worked out and we will meet again tomorrow afternoon to finally discuss the program as being now arranged by the subcommittee appointed on Wednesday.

Mr. FRANKFURTER. There is on that committee Mr. Baruch, three representatives of the Army, because the Army has conflicting interests. The Fleet Corporation, Agricultural, Fuel, Railroad Administration, your Board, and the chairman selected by the War Labor Policies Board, as generally responsible for the whole war labor problem, and I think we are peculiarly fortunate in having Charles Mead at the head of that. The recommendations you have I think will be most welcome.

Mr. BARUCH. Mr. Frankfurter, in connection with the priorities of labor, which will be the basis of all of that thing, I understand you are going to administrate that.

Mr. FRANKFURTER. I understand the priority of labor will be determined by our priority.

Mr. FRAYNE. In the question of this plan, where a man is taken out by the draft, to show that he can be spared by the employment service, that place will be filled through the employment service by an equally as good a man. Otherwise, the one that is to be drafted will be retained there because he is necessary and cannot be replaced.

Mr. FRANKFURTER. Your committee, Mr. Frayne, is entirely in cooperation with the provost marshal?

Mr. FRAYNE. Yes.

Judge PARKER. In a word, Mr. Chairman, I have conferred not only with Mr. Frankfurter, but Mr. Neel a number of times, and the plan contemplates the adoption of priority lists as a basis for the distribution of labor.

Mr. DINKEY. Before we leave that, Mr. Chairman, if we are taking up a scheme to keep a full supply or an adequate supply of labor at the steel works—one of the most important things to give attention to is the other than skilled labor. It is what we often call common labor—I don't like the term—it is the man who does the plain labor around the steel works. That is the labor we are the shortest of. That is one that is usually given the least attention.

Mr. REPLOGLE. That is the kind of labor, Mr. Dinkey, that is the limiting factor.

Mr. FRANKFURTER. Of course, we now have a labor pool. The mechanism is centralized so that the labor will move your priority needs where it should be moved. We have the closest kind of coordination between the needs as you disclose them and the distribution of labor that the employment service can make.

44 Mr. BARUCH. As I understand, if these gentlemen are short of skilled labor or unskilled labor, they can make their needs to the employment service and you will refer it to Judge Parker as to whether they shall have priority.

Mr. FRAYNE. The plan includes that a representative of the employment service be in touch with the local Board and when the Board shows that certain men must be drawn, the service will then attempt to supply that one before the man is taken from the job. I think the whole plan as applying to the unskilled or common labor—that is going to be dealt with the same as the skilled. Wherever the man is needed, you will endeavor to retain him there or replace him.

Mr. CAMPBELL. Mr. Chairman I don't believe there is a shortage of labor from our standpoint, but the men won't work six days a week. We have 14,000 men on our pay roll and 12,000 are about all that we work every day. That is a serious matter. The men want a day off to have a good time for recreation, or for one reason or another. A good many will take a week off and they are ashamed to come back and go to the plant across the river, or somewhere else. I am in hopes that something may work out in connection with that.

Mr. FRANKFURTER. The problem that is raised is one that is much confronting Dr. Garfield and the rest of us. There is a good deal of thinking directing itself to specific efforts toward stimulating and maintaining the maximum production. The thing is still in process but from the Secretary of Labor down, the necessity of maintaining a full working force is probably as pressing a question that is confronting us as any in the whole labor field.

Mr. LEGGE. I just wanted a shot at these steel men on this coal deal. I think you are talking through your hat on this. You say you need two million tons of byproduct coal all of this season.

Your figures are wrong somewhere. I want to ask you to give that more consideration and give Dr. Garfield a revised edition after you give them more thought.

Mr. DINKEY. The only thing that is wrong is that we have made more steel than we ever have.

Mr. LEGGE. Only for the last few months. I am talking about the year as a whole. When are you starting—from the 1st of May or the 1st of June?

Mr. DINKEY. January.

Mr. LEGGE. There is another element that you gentlemen don't get. There is a lot of coke being called for for other purposes. These nitrate plants, we have one at Muscle Shoals, dallying for 30,000 tons of coke per month. There are three or four more plants under construction. There is a very substantial coke need that is entirely apart of a previous need in this country. Those have got to be called into account.

Mr. TOPPING. We are producing at the rate of nearly 5,000,000 tons per annum more than last quarter—than the first quarter. We are talking about three months now.

745 Mr. LEGGE. The three best producing months of the year.

Mr. CLINGERMAN. Dr. Garfield may be nearer correct than our guess is. If we don't get a byproduct of coal, the production of steel will be curtailed.

Mr. LEGGE. Absolutely—you want more than two million tons?

Mr. CLINGERMAN. I wouldn't be surprised. Mine is only a guess. Our figures are to calculate—we put on some beehive ovens—our guess is based on the reasonable requirements coming in.

Judge PARKER. Mr. Legge's statement, I want to say, is made for your benefit, and, through you, for the benefit of the Nation. If the Fuel Administration and the Railroad Administration make their plans to furnish you during the year 1919 two million tons additional byproduct coal, and that is not sufficient for your needs, we will suffer and you will suffer. Dr. Garfield and the Railroad Administration need a definite figure upon which to build their plans, and it certainly is worth while for you to make a close and accurate resurvey of what your additional requirements are before those plans are matured.

Mr. TOPPING. That could be done very readily.

Mr. BARUCH. I think you ought to get those before Dr. Garfield, because if he does his share and the Railroad Administration does their share and you do not do yours it would be embarrassing for us.

Dr. GARFIELD. I would like your estimates in the form of how much coal is needed for the steel industry for 1919.

Mr. FARRELL. In the meantime, you will begin to give us 160,000 tons of coal per month more.

Dr. GARFIELD. I will do the best that I can. I am willing to make promises if there is a proper—if.

Mr. FARRELL. You cannot make any "ifs" to Mr. Baruch or Mr. Replogle on our business.

Dr. GARFIELD. I don't want to assume that Mr. Gray is going to be able to do what he says he is able to do, but between us I think we can release 1,000 tons of coal per month.

Judge PARKER. He says he is going to do it.

Dr. GARFIELD. He says he is going to do it if I give him steam coal to take the place, and I will do the best that I can.

Meeting adjourned at 1:30 P. M.

749 **Meeting of the War Industries Board held Tuesday, August 27, 1918, at 10:30 A. M., Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Perkins, Mr. Swope, Mr. Ritchie.

Organization—Reading of the Minutes.—The minutes of the meeting held Thursday, August 22nd, were read and approved.

Non-War Building Construction—Schoolhouses in New York City.—Referring to the proposed construction of schoolhouses in New York City, involving approximately Four Million Dollars, the Board is opposed to having this construction done until after the war. Judge Parker was requested to so advise the New York authorities.

Construction—Marine Hospital in New York.—Judge Parker called the Board's attention to the request from the Treasury Department for assistance in obtaining necessary materials with

750 which to complete certain buildings at the Marine Hospital in New York. After giving this matter consideration, it was decided not to take any action until after investigation had been made as to whether there are any buildings that could be used for this purpose.

Non-War Building Construction—Post Offices, Court Houses, and other Government Buildings.—Judge Parker called the attention of the Board to the request from the Treasury Department for the necessary assistance to enable them to complete an extension to the Post Office at Alexandria, La. He further stated that he had advised the Treasury Department that the policy of the Board was against the undertaking of such projects during the war unless it was absolutely necessary. Mr. Baruch stated that he would take this matter up with Secretary McAdoo and report back to the Board. Judge Parker was requested to see Mr. Hamlin, Chairman of the Capital Issues Committee, for the purpose of working out an arrangement whereby that Committee will work in closer cooperation with the War Industries Board.

Raw Materials—Method for securing the same from Mexico.—Mr. Legge stated that Mr. Walfield, of New York City, requested the Board to commission him and send him to Mexico for the purpose of arranging for the shipment of certain raw materials into this country, particularly scrap metals and oil. The Board is opposed to sending any man to Mexico with a blanket commission. Mr. Replogle was requested to investigate the scrap-metal situation and report back to the Board.

751 *Labor—Priority of.*—Mr. Baruch stated that he would take this matter up with Mr. Frankfurter, of the War Labor Policies Board, and make the necessary arrangements whereby the question of priority of labor will be settled through this Board.

Requirements—Classification of.—Attention was called to the various methods used by the different Commodity Chiefs for classi-

fying the requirements. Mr. Swope and Mr. Replogle were requested to work out a standard method, or form, for reporting the status of industries, particularly in regard to requirements, and after submitting said form to Judge Parker and Mr. Peek, to report same for the approval of the Board.

Steel—For Japan.—The following letter, addressed to Mr. Replogle, signed by T. Tanaka, Counselor of the Imperial Japanese Embassy, was submitted to the Board:

IMPERIAL JAPANESE EMBASSY,
Washington, August 24, 1918.

Mr. J. L. REPLOGLE,
War Industries Board, Washington, D. C.

DEAR MR. REPLOGLE: In order to accurately advise my Government, I desire to have your confirmation on the matter I have taken up with you in our interview of yesterday. If I understand right, your Board suggests that:

752 1. Statements of specifications and needs for the intended purchase of iron and steel by or for the account of the Japanese Government should henceforth be presented to your Board through this Embassy, or other official agency corresponding to the War Mission of the other Allies. Should there be no objection to such purchases, your Board will allocate the manufacturers with whom the Japanese Government should enter into contract.

2. The U. S. official prices shall prevail in all such contracts which fact shall not prejudice the sure and prompt execution of the contracts.

3. All standing contracts will remain unaffected by the above arrangement.

Upon receipt of your confirmation, we shall communicate telegraphically with Tokio Government so that your suggestion will be put in practice as soon as possible.

In this connection, it appears advisable that the Japanese Government should join your Allied Purchasing Commission. Will you please inform me what steps are open for us to take for that end?

Thanking you in anticipation,
Yours respectfully.

T. TANAKA, *Counselor.*

Mr. Replogle was requested to answer the first three questions in this letter. The question as to whether the Japanese Government should join the Allied Purchasing Commission must be referred to the Secretary of the Treasury.

Building Construction—For Aircraft Production.—Mr. Replogle called the attention of the Board to the numerous requests he is receiving for materials for the purpose of completing extensions to certain automobile plants on account of contracts with the

753 Aircraft Production Board, stating that such extensions had never been submitted to or cleared by this Board. Mr. Baruch stated he would take this matter up with Mr. Ryan and report back to the Board.

The meeting adjourned at

H. P. INGELS, *Secretary.*

754 Meeting of the War Industries Board held Thursday, August 29, 1918, at 10:30 A. M., in Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; General Johnson; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also, Mr. Perkins, Mr. Ritchie, Mr. Swope.

Organization—Reading of the Minutes.—The minutes of the meeting held Tuesday, August 27, were read and approved.

Gas Warfare—Materials for making Carbon for Gas Masks.—Mr. Frayne submitted a letter, dated August 28, from the Gas Defense Division of the Chemical Warfare Service, requesting cooperation and assistance of this Board in obtaining materials from which to manufacture carbon for gas masks. This matter was ordered referred to Mr. McDowell, Chief of the Chemical Division, for investigation, requesting him to make a report to the Chairman, and that he (the Chairman) and Mr. Frayne would then act for the Board.

755 *Steel—Distribution of Ship Plates.*—Mr. Replogle called the Board's attention to certain requests received for the delivery of plates to Canadian shipyards. The question of proper distribution of ship plates, as affecting the entire ship-plate program, is left to the judgment of Mr. Replogle, Steel Administrator.

Industrial Stimulation.—As a result of an open discussion, Mr. Swope and Mr. Peek requested to submit a definite plan to the Board for aiding industrial stimulation in order to increase production.

The meeting adjourned at 11:30 A. M.

H. P. INGELS, *Secretary.*

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[Incorporated in Minutes from May 28, 1918]

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756 Meeting of the War Industries Board held Tuesday, September 3, 1918, at 10:30 A. M., in Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Admiral Fletcher; General Johnson; Mr. Brookings; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Ritchie, Mr. Swope.

Organization—Reading of the Minutes.—The minutes of the meeting held Thursday, August 29, were read and approved.

Automobile Industry—Hudson Motor Car Company.—The attention of the Board was called to the advertisement of the Hudson Motor Car Company in which a resolution, adopted by the Board of Directors, was quoted, said resolution pledging the company's entire efforts to war work. The following telegram, expressing the Board's appreciation of the action taken, was ordered sent:

To the President, Directors, Workers, and Distributors of the Hudson Car Company:

Your advertisement headed "Hudson enlists with Uncle Sam. No sacrifice too great to help win the war" which appears this morning strikes a note so fine and so true that it deserves special recognition.

757 I congratulate you on the spirit of service this statement expresses. It is the spirit of readiness to face whatever may come that enables us to be sure of the final ending.

It speaks a willingness to sacrifice that should and does characterize all of our people, and it shows clearly the part being played by the great automobile industry—the part of courage, of abnegation, and of participation in the common cause—to win the war.

The War Industries Board thanks you for your simple, broad, forceful declaration of principles throughout which the theme of true Americanism runs dominantly.

BERNARD M. BARUCH,
Chairman War Industries Board.

SEPTEMBER 3, 1918.

Industrial Stimulation.—Mr. Swope stated that the following Departments were now interested and devoting some efforts towards industrial stimulation:

The Shipping Board, Food Administration, Fuel Administration, Ordnance, Quartermaster's Corps, and other branches of the War Department; Navy Department, Railroads, Treasury Department (Liberty Loan), Committee on Public Information, and other Departments.

He was requested to call a meeting of these Departments for the purpose of working out some definite, concerted plan and report back to the Board.

758 *Resources and Conversion Section—Functions of Regional Advisors.*—Attention was called to the apparent misunderstanding on the part of many manufacturers, viz: That the Regional Advisors are going to distribute orders within their regions. Mr. Swope and Mr. Peek were requested to draft a letter to the Regional Advisors, for the signature of Mr. Baruch, outlining their functions, especially as regards the placing of contracts.

The meeting adjourned at 11:40.

(Signed) H. P. INGELS, *Secretary.*

759 **Meeting of the War Industries Board held September 5th, 1918, at 10:30 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; also Mr. Perkins, Judge Ritchie, Mr. Swope.

Organization—Reading of the Minutes.—The minutes of the meeting held September 3rd were read and approved.

Steel—Conservation of by Use of Substitutes.—The attention of the Board was called to the various specifications issued by the Government Departments, calling for steel construction, where in many instances other material could be used. Particular attention was called to the requirement of 28,000 tons of steel for powder containers which previously had been made from fiber; also steel containers for lard and substitutes instead of wooden containers as heretofore used. This was brought to the attention of Mr. Benedict Crowell, Acting Secretary of War, as per attached memorandum:

760 SEPTEMBER 5, 1918.

HON. BENEDICT CROWELL,
Assistant Secretary of War,
Washington, D. C.

DEAR SIR: I wish to call to your attention formally the fact that there is such an acute shortage of steel today that not only is it impossible to meet the civilian requirements, but worse than that the military program cannot be met in full.

Under these circumstances it is absolutely necessary that the Government Departments use no steel when some other article can be made to do.

I write to request that the War Department does everything in its power not to specify or make requisition for steel except when really necessary.

The point is illustrated by a requisition which has just come in for clearance for 27,000 tons of steel for powder containers which have heretofore been made of fiber and steel. The change makes an additional demand for steel at this time.

I should also like to call attention to the use of steel furniture, beds, tables, chairs, containers, filing cabinets, cabinets and safes, and to request that such articles be not bought unless absolutely necessary or when other articles can be made to do.

Very truly yours,

(Signed) B. M. BARUCH.

TNP/GE.

Mr. Replogle was requested to address letters to the Navy Department, Shipping Board, and the Railroad Administration, calling their attention to the importance of conservation and requesting their cooperation.

761 *Gas Warfare—Materials for Making Carbon for Gas Masks.*—After giving further consideration to the proposed campaign for the collection of fruit pits, etc., to be used for the manufacture of carbon for gas masks, this matter was referred to Mr. Perkins, with the understanding that he would take the matter up with General Johnson and have him organize through the Procurement Division of the Army for the proper administering of this campaign, it being understood that they would probably use the Red Cross Food Administration and other agencies for the collection of such materials.

Industrial Stimulation.—For the information of the Board Mr. Swope reported progress in organizing for concerted action on the part of the various Government agencies for the purpose of increasing production by industrial stimulation.

Organization—Cashing of Pay Checks for Employes.—The attention of the Board was called to the difficulty new employes are experiencing in having their pay checks cashed. The Secretary was instructed to confer with Mr. E. K. Ellsworth, Disbursing Officer, and work out an arrangement whereby employes can have their checks cashed.

Allied Purchases—Clearance of.—Mr. Legge stated that the War Department, through General Johnson's office, had made request for a re-check, or third release, on all orders placed through the
762 Purchasing Committee, before allocations were made. It is the unanimous opinion of the Board that this would be impractical, and that the present procedure should be followed. The Secretary was instructed to so advise General Johnson's office.

Organization—Transfer of Officers Assigned to Duty with this Board.—The attention of the Board was called to the fact that officers who have been assigned for duty with this Board, and who have become familiar with the organization and procedure, have then been given other assignments. Mr. Perkins was requested to bring to the attention of the Army the importance of having assignments more permanent, so as to discontinue the practice of having an officer come here and become familiar with the work only to be transferred and a new man sent in his place.

Mr. Baruch announced that he would call a special meeting of the Board for Friday, September 6th, at 11:00 A. M., to meet with the Hon. Benedict Crowell, Acting Secretary of War, for the purpose of discussing production.

The meeting adjourned at 12:30 P. M.

(Signed) H. P. INGELS, *Secretary.*

763 **Special Meeting of the War Industries Board held Friday, September 6, 1918, at 11 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; General Johnson; Mr. Frayne; Judge Parker; Mr. Peplogle; Mr. Ingels, Secretary; also Mr. Bush, Mr. Perkins, Mr. Swope, and Mr. Benedict Crowell, Acting Secretary of War.

This meeting was called for the purpose of discussing production, and also the possibility of utilizing more of the smaller plants for producing war materials. The discussion developed the following:

1. Secretary Crowell requests the War Industries Board not to initiate any action regarding the Artillery Program at least for sixty days, at the same time expressing the opinion that within that length of time quantity production would be well under way.

2. Production is being delayed in the forging plants due to the lack of sufficient machine tools.

Mr. Crowell stated that there have been no delays in production due to a lack of steel.

764 3. Conservation of steel and other materials by the use of substitutes. An order will be issued at once that the Secretary thinks will insure results.

4. Effort will be made to place business with smaller plants. Mr. Bush stated that the Ordnance Department has agreed to place orders for shells with plants having capacity of 500 or more per day.

5. Secretary Crowell expressed himself as against the general policy of distributing orders to the smaller units, but stated that he would fall in line if the War Industries Board will determine that this is necessary. He stated that it is for the War Industries Board to determine what this policy should be.

The meeting adjourned at 1:15 P. M.

(Signed) H. P. INGELS, *Secretary.*

765 **Meeting of the War Industries Board held Tuesday, September 10, 1918, at 10:30 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; General Johnson; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peck; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Swope, Judge Ritchie, Mr. Perkins.

Organization—Reading of the Minutes.—The minutes of the meetings held September 5th and 6th were read and approved.

Organization—Stationery of the War Industries Board.—Mr. Swope and the Secretary were requested to work out a standard form of letterhead for the War Industries Board.

Organization—Leather Goods Section.—The question was raised as to whether it was advisable to have this Section continue on the pay roll of the Quartermaster Corps. After some discussion it was decided to leave the organization of this Section as it is at present.

Transportation—Allowances for members of this Organization.—Judge Ritchie was requested to take this matter up with Mr.
766 Powell, and work out a standard form of procedure to be followed in order that members of this organization who are sent out on special trips may receive allowances for transportation.

Priority—Priority Assistance and Distribution of Orders and Materials in accordance with the Efficiency of the Manufacturer.—Mr. Peek called the Board's attention to the advisability of rendering priority assistance, and of distributing materials to various manufacturers in accordance with the efficiency that they had demonstrated in fulfilling Government contracts. The opinion was expressed that the Production Division of the Army, Navy, and Shipping Board keep a list showing the performance of their various contractors, and that specific information can be obtained from the Production Division of the Department from which the contractor obtained his order.

Propaganda—Elimination of German names for Cities and Streets.—It was the opinion of the Board that this should be referred to the Committee on Public Information. Mr. Frayne was requested to take the matter up with Mr. Creel.

Fuel—Coke Situation.—Mr. Replogle called the Board's attention to the serious curtailment in the production of steel by the Illinois Steel Company, due to the fact that four blast furnaces are out of blast on account of a lack of coke. This results in a reduction of approximately 1,750 tons of pig iron per day. Mr. Replogle
767 was requested to take this matter up with Dr. Garfield, Fuel Administrator, to see if some program cannot be worked out whereby the production of byproduct coal can be increased, or a better distribution made of the present production.

Automobile Industry—Elimination of Automobile Shows until after the War is over.—Mr. Peek called the Board's attention to the resolution drafted by the Subcommittee of the Automobile Industry to the effect that the New York and Chicago Shows have been indefinitely postponed. As a result of the request from this Subcommittee, Mr. Swope stated that he would see that this resolution receives wide publicity, so that the other automobile shows will be likewise postponed.

The meeting adjourned at 12:50 P. M.

(Signed) H. P. INGELS, *Secretary.*

768 **Meeting of the War Industries Board held Thursday, September 12, 1918, at 10:30 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; General Johnson; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Ingels, Secretary; also Mr. Perkins, Mr. Ritchie, Mr. Swope.

Organization—Reading of the Minutes.—The minutes of the meeting held Tuesday, September 10th, were read and approved.

Congested Area—Interpretation of Ruling regarding Placing of Orders in.—It is the unanimous opinion of the Board that in instances where a manufacturer has completed Government orders, the fact that his plant is located within the Congested Area should not prohibit him from figuring on further orders. In other words, if he has facilities and an organization, he should be given an opportunity to figure.

Curtailment of Industries—Tobacco.—For the information of the Board, Judge Parker reported the result of his meeting with the Tobacco Manufacturers, held on September 10th.

Construction—Reconstruction Hospitals.—The attention of the Board was called to the new program involving the con-
769 struction of a number of reconstruction hospitals, and particularly to the request for clearance covering the construction of a hospital to be located on the site of the old Speedway at Chicago. In order to render assistance and to avoid unnecessary new construction, it was suggested that Mr. Bush confer with Mr. Prosser, of the Federal Board for Vocational Education, and the Surgeon General, for the purpose of finding out where the buildings are located, and particularly the type of buildings required, and then have his Regional Advisors make a survey to see if there are any buildings within their respective regions that would be suitable.

Rubber—Control of Rubber Industry.—Judge Parker reported the result of the conference with the War Service Committee of the Rubber Industry, held on the 11th instant, at which a tentative agreement was reached, in substance that—

(*a*) The War Industries Board will deal with the rubber industry as a controlled industry.

(*b*) Using as a basis the production of pneumatic tires for the 18 months ended June 30, 1918, the maximum production of automobile pneumatic tires less than ——— × 6″ by each manufacturer for the last four months of 1918 is fixed a 4/12 of 50% of the average annual production for said 18 months' period, with an appropriate adjustment where a manufacturer was not in production on January 1, 1917; provided, however, that such maximum production may be increased to the extent of tires produced on direct orders from any agency of the United States Government.

770 (*c*) Further curtailments, adjustments, and regulations of this industry will be made from time to time by the Priorities Division and by the Rubber Section of the War Industries Board.

The meeting adjourned at 11:30 A. M.

(Signed) H. P. INGELS, *Secretary.*

771 Meeting of the War Industries Board held Tuesday, September 17, 1918, at 10:30 A. M., in Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; General Johnson; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Ritchie, Mr. Perkins, Mr. Swope.

Organization—Reading of the Minutes—The minutes of the meeting held on Thursday, September 13th, were read and approved.

Building Construction—Resolution from the Senate regarding orders promulgated by the Board: The following resolution, dated September 13th, signed by James M. Baker, Secretary of the Senate, was submitted to the Board:

IN THE SENATE OF THE UNITED STATES,
September 13, 1918.

Resolved, That the War Industries Board be directed to transmit to the Senate all orders promulgated by that Board relative to the construction and alteration of public or private buildings and to advise the Senate under what authority of law said orders were issued.

Attest:

JAMES M. PARKER, *Secretary.*

772 The attached reply was submitted to and approved by the Board.

Steel—Construction of Blast Furnaces by the Mississippi Valley Iron Company at St. Louis.—Mr. Perkins stated that the War Department was working on a form of contract with this Company and that the same will be submitted to the Board for approval.

Requirements—Procedure for Approving the Distribution of Steel and other Requirements.—There was an open discussion as to the most feasible procedure for the approval of distribution of materials going to our army and the armies of our Allies, particularly as to the advisability of having such approvals made on the other side by the Inter-Allied Council. No definite action was taken.

The meeting adjourned at 12:05 P. M.

(Signed) H. P. INGELS,
Secretary.

773 Meeting of the War Industries Board held Thursday, September 19, 1918, at 10:30 A. M., in Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Ingels, Secretary; also Mr. Ritchie, Mr. Perkins, Mr. Herbert B. Swope, Mr. Gerard Swope.

Organization—Reading of the Minutes.—The minutes of the meeting held Thursday, September 17th, were read and approved.

Curtailment of Industries—Woven Wire Fence.—Judge Parker called the Board's attention to the agreement made with the manufacturers whereby there will be practically no production of woven wire fence during the war, and raised the question as to the advisability of addressing a circular letter to the farmers explaining the necessity for this action. Mr. Swope was requested to draft a proposed letter to the farmers and other users of woven wire fence, with the understanding that he would take the matter up with Secretary Houston, as it will probably be advisable to have the same issued through the Department of Agriculture.

SEPTEMBER 19, 1918.

To the Honorable The PRESIDENT,
and SENATE of the United States,
Washington, D. C.

GENTLEMEN: On behalf of the War Industries Board, I beg to comply with Senate Resolution 304, passed September 13, 1918, and transmitted to me the same day.

1. The only order promulgated by the War Industries Board "relative to the construction and alteration of public or private buildings", is contained

in Circular No. 21 issued September 3, 1918, and supplemented under date of September 10, 1918. Copies of the order and the supplement are attached hereto.

2. Said orders were issued under the authority conferred upon the War Industries Board and its Chairman, by the President of the United States, in a communication to the Chairman, dated March 4, 1918, and confirmed by Executive Order dated May 28, 1918, whereby the War Industries Board was created a separate administrative agency of the President, with the powers, duties, and functions set forth in the said communication from the President of March 4, 1918. Copies of said communication and of said Executive Order are attached hereto.

I beg to call particular attention to the following powers and duties thus specifically conferred by the President upon the Board and its Chairman:

a. "The studious conservation of resources and facilities by scientific, commercial, and industrial economics."

b. "The determination, wherever necessary, of priorities of production and of delivery and of the proportions of any given article to be made immediately accessible to the several purchasing agencies when the supply of that article is insufficient, either temporarily or permanently."

c. The chairman's duty to guide and assist "in obtaining access to materials in any way preempted", and "to anticipate the prospective needs of the several supply departments of the Government and their feasible adjustment to the industry of the country as far in advance as possible, in order that as definite an outlook and opportunity for planning as possible may be afforded the business men of the country."

I refer also to the Act of Congress of August 10, 1917, known as the "Priority of Shipment Act."

3. In further response to Senate Resolution 304, permit me to add:

In carrying out the duties with which we were thus charged by the President, the War Industries Board and its Chairman found the following situation to exist with respect to building and construction facilities and supplies—

a. Iron and steel are a necessary part of every completed building. They are necessary for plumbing, heating, ventilating, piping, hardware, and mechanical equipment. The direct and indirect war needs of this country and of our Allies for the last six months of the current year already exceed 21,000,000 tons and the country's total output for the first six months was less than 17,000,000 tons. The unavoidable result of that iron and steel cannot be used for non-war or less-essential purposes.

b. The United States Fuel Administration, finding that the production of building materials consumed upwards of 30,000,000 tons of fuel per annum, and that there was a shortage in the fuel necessary for our war program, curtailed very materially the fuel allowed for building materials. The continued production of building materials for non-war and less-essential projects would now necessarily be at the expense of production which our war program requires.

c. The Railroad Administration finds that twenty-five percent of the total tonnage moved by the railroads is building material. It is absolutely essential that the portion of this tonnage which represents materials not needed for war or essential purposes should be displaced by tonnage which is.

d. The United States Employment Service finds that there is an acute shortage in the labor needed for the war program. It is absolutely essential that labor which may now be idle, or which may be engaged on nonwar or less essential work, should be employed upon work which will contribute towards winning the war.

It is, therefore, evident that the building and construction field furnishes an instance calling imperatively for the exercise by the War Industries Board of the duty, with which the President charged it, of conserving the resources and facilities of the country for war purposes, of determining necessary priorities in production and in delivery, of obtaining access to materials in any way preempted and of anticipating prospective war needs.

It is clear that there is not enough iron, steel, transportation facilities, fuel, and labor to supply the direct and indirect war needs of the country and the nonwar needs also, and that the resources and facilities used in nonwar and less-essential building projects can only be applied thereto by taking them from the war needs.

The inevitable result of this would be failure to supply the war requirements of the country as they are needed. It would mean that nonwar and less-essential needs would be produced at the sacrifice of war needs, with the consequent postponement of the day when the war will end and when American lives will be freed from the hazards of battle.

The attached orders were promulgated by the War Industries Board as a necessary means of avoiding this unhappy result.

These orders were only issued after the nearly six months' warning given by the resolution of March 21, 1918, which is quoted at length in Circular No. 21.

Attention is also called to the fact that before Circular No. 21 was issued, numerous conferences were held between the Board and the manufacturers of the principal building materials. The latter appreciated fully the situation as briefly outlined above, and heartily agreed to cooperate with the Board in carrying into effect the spirit of the resolution of March 21, 1918, and, to that end, to enter into the pledge set forth in Circular No. 21.

The manufacturers, however, felt that, not having the country's war program before them, it was impossible for them to determine what building projects were essential and what were less essential. They felt that the War Industries Board should determine this question as definitely as possible, and should pass upon doubtful cases for them.

Accordingly, the Board did determine what were essential projects, defining them in paragraphs numbered (1) to (5), inclusive, of Circular No. 21, and projects of this character may proceed as therein explained. Other building projects are not prohibited, but may likewise proceed if the local Council of National Defense, which is primarily the body best fitted to judge, finds them in the public interest or essential, and if this finding is approved by the War Industries Board. Building projects which do not measure up to these standards must be deferred until the war program is fulfilled. If they are not, the due fulfillment of the war program will be impossible.

The orders referred to are very much in the interest of the public, because they will prevent the public, including the trade, from planning or undertaking building projects, and then, after plans or commitments have been made, finding that the war program makes it impossible to secure the materials necessary to complete them.

Moreover, the trade itself will find that because of the enormous housing and other construction work which the Government itself is undertaking, a large part of the trade's facilities will simply be transferred to new lines of building activity.

Finally, the operation of the selective service acts will, much more than has already been the case, directly affect the amount of labor available for the building trade and for other industries. Even with increased efficiency and female labor, the natural outcome of this condition must be to curtail and reduce the volume of any given business not connected with the war program. As far as it is possible to do so, the less essential industries are being converted to more essential activities, but there will be a certain percentage of these industries which cannot be so converted. Therefore, the volume of business in the less essentials will be reduced, and with this reduction there will come a corresponding reduction in taxability.

It is not only the policy, it is the clear and simple duty of the War Industries Board to see that the war program of the country is met, and this program must be met now, when its needs are upon us. This duty must be fulfilled, even if its fulfillment entails industrial loss in this country, as it does human loss abroad.

I have the honor to remain,

(Signed) BERNARD M. BARUCH,
Chairman War Industries Board.

774 *Organization—Centralization of Information in the Secretary's office.*—It is requested that copies of policy letters and all all other important actions be sent to the office of the Secretary, so that proper mention of same may be made in the Weekly Office Review.

Telephones.—Mr. Swope suggested that the Board interest itself in trying to have the Postmaster General work out some plan for expediting the transfer of old, and the installation of new telephone equipment. Judge Parker stated that he had addressed a letter to Mr. Burleson, suggesting that he delegate some members of his organization to look after this work.

Organization—Office of the Disbursing Officer.—Mr. Swope called attention to the fact that under the present arrangement Mr. Ellsworth, Disbursing Officer, is making up his own vouchers, auditing his own accounts and paying the money; that he, Mr. Ellsworth, has voluntarily requested that a comptroller or auditor be appointed to check up work of the Disbursing Officer. Mr. Legge stated that Dean Gay was looking into this, and that a comptroller or auditor would be appointed who would be independent of the Disbursing Officer.

Liberty Loan.—Mr. Swope stated that Secretary McAdoo had urged that the various executive bureaus of the Government make as large a subscription as possible to the next loan. He further stated that he had appointed Mr. Martin, Chief Clerk, Chairman of the Liberty Loan Committee of the War Industries Board.

Congested Area—Lack of Facilities in Order to Complete Contracts placed within said Area within the Specified Time.—Mr. Peek was requested to take this matter up with General
775 Goethal's organization for the purpose of conveying the opinion that unless some of the orders placed within the congested district are placed elsewhere, there may be a serious delay in delivering materials already ordered, due to the lack of facilities within the district.

The meeting adjourned at 11:30 A. M.

(Signed) H. P. Ingels, *Secretary.*

776 **Meeting of the War Industries Board held Tuesday, September 24, 1918, at 10:30 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Perkins, Mr. Ritchie, Mr. Herbert B. Swope, Mr. Gerard Swope.

Organization—Reading of the Minutes.—The minutes of the meeting held Thursday, September 19th, were read and approved.

Telephones.—For the information of the Board, Judge Parker advised that Postmaster General Burleson stated that his First Assistant, Mr. Kooms, had been assigned the special duty of expediting the installation of new, and transfer of old, telephone equipment.

Steel—Construction of Blast Furnaces and By-Product Ovens at Big Stone Gap, Virginia, by the Properties Corporation of America.—The Board approved the construction of two blast furnaces and 200 byproduct coke ovens by the above company, to be located at Big Stone Gap, Virginia. This approval was
777 based on the fact that fuel and ore are available at that point, and that the Government will not be called upon to render financial assistance. In regard to the proposed construction of a pipe line for the purpose of supplying gas to Baltimore, Washington, and other points, which the Board is in sympathy with this project, on account of the shortage of steel for the War Program, it is not in a position to make any promises or take any action at the present time.

It is understood that Mr. Gerard Swope will direct the War Department's attention to this additional pig-iron capacity for consideration before making a final disposition of the proposal of the Mississippi Iron Company, covering the construction of blast furnaces and byproduct coke ovens at St. Louis.

Badges for War Workers.—Mr. Frayne called the Board's attention to the necessity of reaching a decision regarding badges for people engaged in direct war work or essential industries. The following resolution was approved:

Resolved, That the Board approve in principle the plan as submitted by Mr. Frayne, conditioned upon its being properly administered by the Labor Department to avoid abuse, with the suggestion and recommendation that there be provided a special bar or insignia to be attached to the badge to be worn by those within the draft age who have been ordered into industrial deferment.

This action was unanimous, with the exception of Mr. Legge, who wished to be recorded as voting against it. It is the
778 understanding that Mr. Baruch will take this matter up at the meeting at the White House to be held Wednesday, September 25th.

Congested Area—Facilities Within.—Mr. Peek's memorandum of September 23rd, addressed to the War Industries Board, was submitted, in which he stated that General Goethals had expressed himself as being in favor of making analyses of the various districts within the Congested Area, beginning with the Philadelphia District. This letter was accepted and ordered filed as a record.

Raw Materials—Classification of.—Mr. Peek submitted a form which is being sent out by the Ordnance Department, stating that the War Industries Board desired to have requirements classified in terms of raw materials. He called attention to the fact that, if this procedure is carried out in detail, a large number of people will be required to do the work. This was referred to Mr. Peek to investigate and act for the Board.

Shells—Contracts for Increasing Production of 155 m/m.—

a. Symington Chicago Corporation for machining 5,000 155-m/m H. E. Mark V shells per day.

b. LaClede Gas Light Company, St. Louis, under management of the American Car & Foundry Co., for increasing facilities for forging and machining these shells from 5,000 to 10,000 per day.

The Board feels that there are other facilities that could
779 have been used if taken in time, but in view of the military situation and the inability to use these facilities and get them delivered in time, clearance was granted on the above two orders.

Regulation of the Shoe Industry.—Mr. Peek submitted to the Board the proposed recommendations relative to the Shoe Industry made in conference with the shoe manufacturers, shoe wholesalers, and shoe retailers, and representatives of the Tanners Council, together with his memorandum of the 24th, addressed to Mr. C. F. C. Stout. The Board accepted these recommendations in the spirit in which they were offered by the manufacturers, with the understanding that in the event this plan does not prove successful, the industry pledges itself to cooperate with the War Industries Board in carrying out any further pledges or regulations which this Board may deem advisable to promulgate.

Steel—Proposed Increased Production of Pig Iron at St. Louis—Proposed Contract with the Mississippi Valley Iron Co.—Mr. Per-

kins stated that the War Department was preparing a contract with the Mississippi Valley Iron Company under the terms of which the Government is to build and the said company is to operate the plant. Inasmuch as the Board on June 11th approved the construction of two blast furnaces with the necessary battery of by-product coke ovens, said approval being based on the understanding that the Mississippi Valley Iron Company would do its own
780 financing, the following letter was addressed to Mr. Perkins outlining the Board's position in the matter:

SEPTEMBER 24, 1918.

Memorandum to: Mr. Thomas N. Perkins, Assistant Munitions Director.
Subject: Proposed Contract with the Mississippi Valley Iron Campany for the Construction and Operation of Blast Furnaces and Byproduct Coke Ovens at St. Louis.

At the meeting of the Board held June 11, 1918, the construction of two blast furnaces with the necessary battery of byproduct coke ovens by the Mississippi Valley Iron Company was approved. This action was based on the understanding that the proposition would be financed and owned by the Mississippi Valley Iron Company. On July 25th the Board considered a memorandum from General Johnson, dated July 23rd, in which it was recommended that the Scullin Steel Company be encouraged to erect blast furnaces, byproduct coke ovens, and open-hearth furnaces at St. Louis. On August 8th, Mr. Edward F. Goltra, representing the Mississippi Valley Iron Company was granted a hearing that he might explain to the Board the details of his proposed plan to increase pig iron production at St. Louis. As you know, the Board is in favor of increasing the production of pig iron at St. Louis, and approved the construction of blast furnaces and coke ovens by the Mississippi Valley Iron Company, with the understanding that they would do their own financing. This is to call your attention to the fact that the Board has not approved, nor has it been requested to approve, any contract between the Government and the Mississippi Valley Iron Company, by the terms of which the Government is to put up the money for building the plant.

Attached hereto is letter of even date, addressed to the Properties Corporation of America, approving the construction of two blast furnaces and 200 by-product coke ovens, at Big Stone Gap, Virginia. By action of the Board this day you are requested to bring the War Department's attention to this new facility for consideration, before a final disposition is made of the proposed contract with the Mississippi Valley Iron Company.

H. P. INGELS,
Secretary, War Industries Board.

781 The meeting adjourned at 1:30 P. M.

(Signed) H. P. INGELS, *Secretary.*

782 Meeting of the War Industries Board held Thursday, Sept. 26, 1918, at 10:30 A. M., in Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Perkins; Mr. Gerard Swope; Mr. H. B. Swope; and Mr. May representing the Treasury Department.

Organization—Reading of the Minutes.—The minutes of the meeting held Tuesday, September 24th, were read and approved.

Curtailment of Industries—As affecting the Treasury Situation.—Mr. May, representing the Treasury Department, appeared before the Board to discuss the possible effect of the curtailment and conversion of industries on the Treasury situation, particularly in regard to the war-saving campaign. It was the unanimous opinion that this Board and the Treasury Department should work in close cooperation in regard to the curtailment and conversion of
783 industries and the general campaign for conservation and saving. It is understood that Mr. May, as representative of the Treasury Department, will be given an office in this building and will work in close conjunction with the Conservation, Priorities, and Finishing Products Divisions, and the Industrial Adjustment Committee, of which Mr. Woolley is Chairman.

Organization—Labor Section, Priorities Committee.—Mr. Frayne called the Board's attention to the possible confusion due to the similarity of titles. It is understood that he and Judge Parker would bring definite recommendations in regard to this matter before the Board at the next regular meeting, to be held Tuesday, October 1st.

Labor—Supply of.—Mr. Gerard Swope raised the question as to whether or not there will be an adequate supply of labor to man the increased manufacturing facilities which are now either under construction or contemplation. It was the opinion that Mr. Swope should take the matter up personally with Mr. John B. Densmore, Director General of the United States Employment Service, the War Industries Board to assist him in every way possible, and, if he so desires, Mr. Baruch, as Chairman of the Board, will go with him to confer with Mr. Densmore.

Hospitals.—Mr. Gerard Swope stated that the War Department has appointed a Board for the purpose of selecting sites and finding buildings which may be converted into hospitals. But, before any
784 results can be obtained, it will be necessary to have legislation passed granting power to the War Department to commandeer such property. In order to get this legislation through before Congress adjourns, Mr. Baruch stated that he would render any assistance that he could, either by personal interview, or by letter. To save time it is thought advisable to have a "rider" attached to the pending appropriation bill. Mr. Perkins was requested to follow this up.

Organization—Removal of Departments from Washington.—Considering the practicability of moving some of the larger Departments out of Washington in order to relieve congestion, Mr. Legge, Mr. Peek, and Judge Parker were requested to get together with Mr. Gerard Swope for the consideration of this matter.

Steel—Increasing Facilities for Producing Pig Iron at St. Louis.—After some discussion, it was decided to call a special meeting of the Board for 10:00 o'clock in the morning (Friday, September 27th) for the purpose of discussing the proposed construction of a Government-owned plant at St. Louis, consisting of two blast furnaces with the necessary battery of byproduct coke ovens. In addition to the members of the Board, the following were asked to attend this meeting: Mr. Benedict Crowell, Acting Secretary of War; Dr. H. A. Garfield, Fuel Administrator; Mr. Carl Gray, representing the Railroad Administration; Mr. Edward F. Goltra, representing the Mississippi Valley Iron Company.

The meeting adjourned at 12:55 P. M.

(Signed) H. P. INGELS, *Secretary.*

785 **Special Meeting of the War Industries Board held Friday, September 27, 1918, at 10 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Herbert B. Swope; Mr. Perkins; Mr. Ritchie; Lt. Col. Richards; Mr. Powell, Representing the Railroad Administration; Mr. Lovell Yerkes, Representing the Fuel Administration; Mr. Edward F. Goltra; and Mr. Cavanaugh, Representing the Mississippi Valley Iron Co.

This meeting was called for the purpose of considering the proposed construction of Government owned blast furnaces and the necessary byproduct coke ovens, to be located at St. Louis, to be operated by the Mississippi Valley Iron Company. (A verbatim copy of the discussion is attached hereto and becomes a part of these minutes). Before taking any action, the Fuel Administrations requested to investigate and make its recommendations as to whether or not an adequate supply of byproduct coal can be obtained by developing the property in western Kentucky, which is now under option by the Mississippi Valley Iron Company, and the Railroad Administration is requested to report on freight rates and also
786 the feasibility of shipping the coal to St. Louis by barge, and the ore from St. Paul to St. Louis by barge.

The meeting adjourned at 12:20 p. m.

(Signed) H. P. Ingels, *Secretary.*

Special Meeting of the War Industries Board

Mr. Baruch. A contract has been presented to the War Department for a blast furnace and coke ovens at St. Louis. I would like to have Mr. Perkins briefly outline the terms of the contract.

Mr. Perkins. In the first place, Mr. Chairman, Mr. Crowell said to me that he was very much obliged for inviting him to come down and to express his regret for not being able to come down. This is a contract between The War Department and The Mississippi Valley Iron Company and provides that The United States shall acquire a site next to the site of The Mississippi Valley Iron Company at St. Louis for the construction of two blast furnaces with a capacity of five hundred and fifty tons each, and a battery of coke ovens sufficiently to supply the amount of coke that may be needed. The plant is to be bought by The United States with no profit to The Mississippi Valley Iron Company in any way who undertake to procure the site for it. The plant is to be built by the Construction Division of the Army and when built the plant is to be operated by The Mississippi Valley Iron Company as a joint operation with The Mississippi Valley Iron Company's own plant to such an extent as may be considered economical and efficient. The Mississippi Valley Iron Company is to operate at cost and is to receive no compensation for operation except such as the Secretary of War at the close of the contract may see fit to award, if any. The pig iron is, of course, to be distributable by Mr. Replogle. The pig iron of the new plant is at the disposal of The Chief of Ordnance subject to the direction of Mr. Replogle, of course. At the close

of the contract The United States Government has the right at its option to compel The Mississippi Valley Iron Company to purchase the plant at the reproduction value with a reasonable depreciation as determined and if The United States does not elect to call on The Mississippi Valley Iron Company to purchase it, The Mississippi Valley Iron Company has the right to purchase at the appraised reproduction value, less depreciation, or the appraised value as a growing concern, whichever is the larger. The Mississippi Valley Iron Company has ten years within which to pay, 50% to be paid within the first five years, and 50% within the next five years, all profits to be applied to the purchase price until the purchase price is wholly paid. The coal The Mississippi Valley Iron Company agrees it will procure from a source which is not now in use which recognizes the importance of development of new mines and The United States agrees to buy a million tons at the price fixed by
2 the Fuel Administration, if the price is fixed on competitive prices. That, I think, is the terms of the contract.

Mr. Goltra. Yes, sir; that is a correct statement of the terms of the contract.

Mr. Perkins. As I stated yesterday to the Board I was unwilling to have a decision made by the Board approving, or disapproving, this contract on my advocacy of the contract because I did not regard myself as competent to advocate it. I don't know enough about it, and I am not convinced that it should be built, or that it should not be built. I would like to say one other thing: this Board approves St. Louis as a point for additional pig-iron capacity subject to the approval of the Fuel Administration of the source of coal supply and Mr. Goltra had in mind a coal supply, a source of coal supply, up on the Ohio River in Kentucky which has not been worked since approximately Civil War times. Colonel Richards has been down to investigate that coal supply and he will tell the Board what he knows about it and what he found out and his decision taken with Mr. Goltra will be the information on that subject, but his decision will be the decision that satisfies Mr. Crowell that the coal-supply situation was satisfactory. It was the Colonel's decision that satisfied the Assistant Secretary. I think that is all, Mr. Chairman, that I have to say.

Mr. Baruch. The point that particularly concerns the Board is this: that in approving as we did St. Louis as a place where a pig-iron capacity was desirable and also approving the request of The Mississippi Valley Iron Company at that time it was with the understanding that it was going to be a private enterprise, and at that time it was also understood that the money would be raised to whatever extent was necessary privately. It was the understanding at that time that it would be done through private channels or with the assistance of The War Finance Corporation. Later on when it developed that The Government was going to put all the money, the question arose yesterday, and the Board not changing that original attitude, the question arose whether the Board would be justified in approving this contract when evidence was brought before the Board by various members that if a good plant was going to be erected that it should be erected at the very best place. In view of the fact that the Government is going to put up the money it is an open question whether St. Louis is the best place for the Government to embark

in an enterprise like this where it was going to put up all the money, and those facts having come before the Board we felt that in view of the large amount of time and trouble, and the recommendations of The Ordnance Department, we thought it would be a good idea to have Mr. Goltra and The War Department's representative, and Mr. Richards to appear before the Board and place such facts before the Board as they thought were proper.

Mr. PERKINS. I don't think that The Ordnance Department have taken the position that it recommended this construction. The matter was settled by Mr. Crowell.

Mr. BARUCH. Perhaps I did not state that correctly; that following the recommendation of the Board of the approval of St. Louis as a place, and following the request of The Mississippi Valley Iron Company. Is that the proper way to put it?

Mr. PERKINS. I don't think The Ordnance Department has ever decided one way or the other. Is the Fuel Administration represented here?

Mr. BARUCH. Now, have you anything to say, Mr. Replogle?

Mr. REPLOGLE. Mr. Chairman, when Mr. Goltra first came to us the latter part of May, or early June, I was quite keen about his proposition as I would have been keen about any similar proposition at a great many different places. St. Louis needs more pig iron. The consumption there is five or six times the production, and as I told Mr. Goltra, that is, he combined it with a byproduct proposition, supplying his own fuel, if they could get byproduct coal, that I would approve it so far as I was personally concerned. I did that with the idea that it was to be an individual proposition with some Government assistance, but as a Government-owned plant, the Government paying the cost of construction, I feel that there is a very considerable number of places that are far better adapted for our purpose. The weakest link in our steel chain is at Chicago. The demand for steel in the Chicago district, and iron also, is very much greater, even proportionately to the supply in that district, than it is in any other. The assembling cost in Chicago of raw materials would certainly be very much less than in St. Louis and inasmuch as a plant of this kind would require roughly over four thousand tons of raw materials per day and inasmuch as since that time we have propositions from concerns at Big Stone Gap, Virginia, with ore right at their doors, and with byproduct fuel there that they want to build with their own money six blast furnaces and six hundred byproduct coke ovens and a pipe line for gas to various cities, Richmond, Norfolk, Washington, and Baltimore, I think that it would be far better if the Government is to build a plant to build it in Chicago or the Lake district, but in this other proposition, Virginia, I think that we could well afford to let them go ahead, supplying them the priority for the materials: everything at their expense, and ship this iron, the one thousand or eleven hundred tons of iron, which could be produced in this St. Louis plant from this Virginia plant very much better than to have over four thousand tons a day of raw materials going to St. Louis. Now the demand for Government steel in Chicago is far greater than at any other point. The Railroad Administration demands in that section, The Pullman Company, The Hasklyn-Parker, and The Standard Steel Car, and The Pressed Steel Car, and all

the ship yards in the Great Lake district, and the Pacific Coast business, all put such a demand on the facilities there that we have been compelled to go East for hundreds of thousands of tons of steel for consumption in that district which we are unable to get there on account of the facilities being inadequate. Now that was responsible for the increase or for the change from the Chicago basis of price to the F. O. B. Pittsburgh at that time because it involved the absorption by the Eastern mills on such an enormous tonnage, such a big, great penalty to them that in fairness to them we had to increase that basis price which means that the Government is penalized a million or two million tons a year in increased rates. Now, if our production in Chicago was anywhere near to the demand in Chicago, that would be unnecessary because we could establish that Chicago basis the same as the Pittsburgh basis, so taking all of these things into consideration I feel that if the Government is going to build a plant it ought to be built somewhere along the Great Lakes. I think that when you come to a Government proposition it justifies a lot of detailed consideration. Off-hand to agree that the assembling point, even if Mr. Goltra's idea is that he can get his ore down to St. Paul by rail and from St. Paul by barge, and if he can get his fuel from the Kentucky district up by barge, even if all those things are realized, and which a great many competent authorities say cannot be done so far as the ore from St. Paul is concerned. They say that the water there will not permit it except at certain stages of the year; that even if that is realized, the assembling cost, and the cost of production in St Louis will be very much greater than it would be in the Chicago district where we need material, even more seriously than we do in the St. Louis district. There is no question about the need in St. Louis, and there is not any question about the need in Chicago, and other districts. I think Colonel Richards will agree with me that the assembling cost and production cost will be far less in Chicago than would be in St. Louis.

Colonel RICHARDS. No, not according to our report. Assuming that thirty-six barges and four steamers being built by the Government at this time are completed, and they are supposed to be completed, and I am taking the River men's testimony that that is a feasible operation for carrying Illinois coal to St. Paul and ore has been brought down from St. Paul to St. Louis?

Mr. REPLOGLE. Has anyone figures on that?

Colonel RICHARDS. Yes; Mr. Kennedy shows that you could assemble those at St. Louis and pay the freight to Chicago and still do it at a lower rate.

Mr. REPLOGLE. Do you believe that?

Colonel RICHARDS. Well, Mr. Replogle, I don't think you ought to begin past history because I don't think it is quite fair to answer that question. There is a good deal of evidence that I do believe it because I tried to buy this property before we were ever in the war. I tried to get my people to buy that, but I don't think that ought to be taken as evidence. I think that Mr. Kennedy's report ought to be taken as evidence.

Mr. REPLOGLE. I would like to see that evidence and we would like to check it up because I don't believe that it is correct.

Colonel RICHARDS. Maybe not. I have doubled the freight on Kennedy on the river in all the calculations I have made. Of course,

since Mr. Kennedy made this report there has been an advance that will apply also on coal and on Lake ore.

Mr. REPLOGLE. Yes; from the Lake ports. No ore below because they don't have any.

Colonel RICHARDS. Where do you mean?

Mr. REPLOGLE. I mean from the Chicago district right out of your vessel into your ore bin.

Colonel RICHARDS. I haven't the original letter of Mr. Kennedy. It is somewhere in the War Department files. I haven't been able to find it.

Mr. REPLOGLE. The War Industries Board, I think, have fully fifty applications or propositions from Texas and Utah and Colorado and all over the country for a Government plant where they show good ore property and also from Duluth, and when it comes to a Government plant, I think it merits a lot of consideration.

(Mr. Baruch at this juncture left the room and Admiral Fletcher took the Chair.)

Admiral FLETCHER. This involves, on the part of the Government, exploiting of undeveloped resources in the way of transportation down the Mississippi, and the development of coal mines in Kentucky. Now, have you a report on that, or can you give us an idea how much that will involve on the part of the Government?

Colonel RICHARDS. The exploiting on the part of the Government would be the building of the plant. The Mississippi Valley
6 Iron Company, according to the contract, open the coal themselves.

Mr. PERKINS (interposing). Or get somebody else to open it. May I make one suggestion, Mr. Chairman, is a representative of The Fuel Administration here?

Mr. INGELS. Doctor Garfield is on his way over.

Mr. PERKINS. The question of coal we had better leave until he gets here.

Col. RICHARDS. Here is Mr. Kennedy's report to The War Department.

"I have given consideration to the question of getting pig iron in St. Louis and Chicago. In this I have assumed that the lime stone would cost the same at each place, so that the cost of materials would be equal. From these assumptions I make the following comparison: St. Louis ore at the mine, $3.10 a ton. Chicago, the same."

That was based on prices of ore for freight via Chicago, St. Louis, $5.08 by rail.

Mr. REPLOGLE. Freight via Chicago to St. Louis, how much?

Col. RICHARDS. $5.08, one and one-half tons of coal at the mines, $3.67, which is of course high. The Fuel Administration would not permit that.

Admiral FLETCHER. What mine is that?

Col. RICHARDS. I suppose he is figuring West Kentucky or the River mine.

Mr. REPLOGLE. Is this West Kentucky or East Kentucky?

Col. RICHARDS. East Kentucky. Freight 75¢ on the coal, which makes the assembling cost or ore, the coal at St. Louis, altogether $12.60. Chicago ore at the mine, $3.10. Freight via Chicago, $3.82, one and one-half tons of coal at the rate of $3.67, and freight from

the mines, $2.65, makes St. Louis $12.60, and Chicago $12.64, or at the mine, $3.10.

Mr. GOLTRA. That is the same in either case.

Col. RICHARDS. What is this freight via Chicago, $2.82?

Mr. PERKINS. This is hauled via river, St. Paul to St. Louis.

Col. RICHARDS. I figure the freight $2.82.

Mr. REPLOGLE. To St. Paul and down?

Col. RICHARDS. Yes.

Mr. REPLOGLE. Well, the figure is wrong then. I want to ask you whether you think that can be delivered to St. Louis at anything like that?

Col. RICHARDS. Yes; because the freight from St. Paul is 80¢, and from The Masaba River, $1.00, but those are the freights.

Mr. PERKINS. This is St. Louis rail, and this is St. Louis River.

Mr. REPLOGLE. What investment would it require there to get your ore out of the cars at St. Paul and on the boat?

Mr. GOLTRA. Already materialized.

Mr. REPLOGLE. You mean that those plants are in existence now?

Mr. GOLTRA. I do. I loaded ore over there last year.

Mr. REPLOGLE. How?

Mr. GOLTRA. How did we load it? From the city of St. Paul out of the chutes.

Mr. REPLOGLE. What would be the charge there? I am trying to check up there freight rates.

Mr. GOLTRA. It would be absorbed in the switch. If my memory serves me correctly, Mr. Replogle, it would be absorbed at the
7 rate $1.16 on the advance now. The switch rate alone I think is somewhere in the neighborhood of $2.00 a car, or $1.50 The capacity for unloading we demonstrated was 15,000 tons a day.

Mr. REPLOGLE. Now, for comparison, on the rate to Chicago on ore, was that $3.10 at the mine plus $3.82?

Mr. GOLTRA. Mr. Replogle, this is a very scientific report that Mr. Kennedy has gotten here, and probably just a little clarification might save much time. You will note that each of these rates via Chicago to St. Louis is $5.08. That is where we bring the thing down by rail, Lake and rail. That gives Chicago the benefit of $3.82. Do you catch that?

Mr. REPLOGLE. Benefit of $3.82?

Mr. GOLTRA. Yes; because they don't bring the ore as far that way. The ore stops at Chicago.

Mr. REPLOGLE. What do you mean by benefit?

Mr. GOLTRA. There is a difference of $3.82 and $5.08 as between Chicago delivery and St. Louis delivery.

Mr. REPLOGLE. That is $1.26.

Mr. CAVANAUGH. You mean a rate of $5.82 as compared to something else.

Mr. GOLTRA. Chicago is benefited by reason of the lower freight rate and the benefit is $3.82 as compared with $5.08.

Mr. REPLOGLE. In other words, a benefit of $1.26 in favor of Chicago.

Mr. GOLTRA. Yes; in favor of Chicago on the ore.

Mr. POWELL. Being the all-rail route. That is not a comparison with the water rates.

Mr. GOLTRA. The rate he gives here is Lake and rail.

Mr. POWELL. There is always bound to be that difference if you look at it that way, but I thought the comparison was going to be between the River market and the rail.

Mr. REPLOGLE. In other words, is the rate on ore $1.26 from Chicago to St. Louis?

Mr. GOLTRA. It is less than that. The Chicago Northern Railroad desired to enter into an arrangement of 65¢, because they are hauling their cars back empty. They made a request before Mr. McAdoo to get in this low rate. What Mr. McAdoo decided I don't know, but as long as they have to take and bring the empties back and it costs them practically no more if they send them full, I am speaking now from Mr. Burns, the President of the Northern Railroad, whatever rate he gets, whether it is twenty-five, thirty-five, forty-five, fifty-five, or sixty-five cents, is so much money returned to them.

Mr. REPLOGLE. Well, they have the same condition at a great many places where they coal from the Lakes.

Col. RICHARDS. Mr. Kennedy set up some comparative costs on another sheet here which perhaps will help clear up the matter. We will assume that they produce their own ore. To that will be added the difference between the ore.

8 Mr. GOLTRA. You will pardon me, Colonel Richards. Mr. Kennedy sent me this which is up to date.

Col. RICHARDS. At the time this cost was made we figured 80¢ and 36¢ as the freight. That is assuming that 25¢ would cover the cost.

Mr. REPLOGLE. With all respect to Julian Kennedy, you know that these figures are perfectly foolish.

Col. RICHARDS. They are carried out in the same way in the Chicago district, that is based on the cost of mining your own ore. You will have to add in all cases the difference between that ore cost and the market price for ore, which will be $5.75 for that grade of ore less the freight back to the mine.

Mr. REPLOGLE. Well, he makes no comparison here between the two. This is simply pre-war and present.

Col. RICHARDS. That is right.

Mr. REPLOGLE. I know these figures are so far wrong and I think you do that—two and a half cost above in conditions like this.

Mr. GOLTRA. Mr. Replogle, I ought to say something; in fact, I could not keep silent under such a statement. That was made before the advances were made in the labor and freight.

Mr. REPLOGLE. Even before those advances, these are so far out of line that you know and I know that they cannot be met.

Mr. GOLTRA. No; I am sorry not to agree with you, but we will take Mr. Arthur J. Case's report on file with The Chamber of Commerce of St. Louis, and you will find that these two and a half cost above is all right. Possibly it is overlooking that that is simply your operating cost. There is nothing in there for the tools and implements at all, but it is the same in both cases, and, as you know, it is simply a question of cost, of percentage, that is all. We have just as good air in St. Louis, I mean the altitude. There is no difference in the altitude, and our conditions in every other respect are just as good as Chicago with the single exception that we can assemble much more easily.

Mr. REPLOGLE. To begin with, why don't he start out with the market price of ore which you would have to pay for?

Col. RICHARDS. That is easy enough to change.

Mr. GOLTRA. He takes in both cases the same.

Col. RICHARDS. He takes the production cost. You had options, etc., and open a particular property. Well, now, the Government, as you know, was not interested in mining ore itself or mining coal, as Mr. Crowell distinctly stated that The War Department would not go into the question or into an investment in mining ore and mining coal. These figures were prepared when you were before The War Finance Corporation for a loan on the basis of the loan to be paid out of earnings.

Mr. GOLTRA. That is correct.

Col. RICHARDS. And, as I understand it, you figured at that

9 time to operate a mine, and obtain your ore from The Cuyuna, and you were to put these in what it was figured it would cost to mine from open-pit property. Now this ore proposition is for the Government—they are not interested in mining ore or the production of coal as an investment. It is simply going into this thing on the basis of building a plant. You can only take Mr. Kennedy's report, based on the fact that you are going to build it yourself with a loan here and going to operate their mines in connection with it. As a matter of fact, the freight today has been advanced 25% a ton on the ore, hasn't it?

Mr. GOLTRA. I don't know the exact percent.

Mr. REPLOGLE. The base price, $5.75, let us assume that we start with that, Colonel Richards.

Col. RICHARD. All right.

Mr. LEGGE. Doesn't that apply regardless of location? Does that throw you out of balance? The advance in freight rates is in all Upper Lake ports.

Mr. REPLOGLE. Yes; that is right.

Mr. LEGGE. Doesn't the same advance apply?

Mr. GOLTRA. Absolutely.

Mr. LEGGE. It doesn't affect your balance sheet.

Mr. REPLOGLE. Here you have pre-war, and he goes in here to a cost of a ton of coke at 50¢ a ton, the pre-war prices. Today it is $1.30, and he starts with these costs on coke, $4.30 for byproduct, $3.52. That gives him $\frac{1}{5}$ of a ton of coke, 78¢ and a ton $1.30. You know he is figuring on costs here that cannot be realized in either pre-war prices or under present conditions.

Col. RICHARDS. Let us assume that cost in St. Louis will be no different from Chicago. When you are through with that it comes down to assembling materials, doesn't it? The assembling rate today from The Cuyuna rate, as I understand it, Mr. Kennedy's figures, would be $1.05 to St. Paul and 25¢ down the River, making $1.30 from the mine to St. Louis, but I don't think that is enough. I think 50¢ on the River should be taken as cost in that neighborhood to haul ore 800 miles on the Lakes, water transportation.

Mr. REPLOGLE. To St. Paul you said $1.05?

Col. RICHARDS. No; from The Cuyuna, $1.05, and The Mesaba, $1.30.

Mr. PERKINS. You think it is 25¢ too low?

Col. RICHARDS. I think those are the rates today; I have added 25¢.

Mr. REPLOGLE. From St. Paul to St. Louis you believe should be what?

Col. RICHARDS. 50¢. Now any coal which you mine, I believe Mr. Cavanaugh will bear me out, it would be hauled from any point on the Ohio River to St. Louis for 50¢ a ton. Now you have got compared here—we will assume that the cost of St. Louis operation, we will assume that you are going to have just as much luck, the coal rate to Chicago, which is $2.05 from the nearest figure outside of Illinois, you have got 50¢ by river. There is an advantage of $1.55 in the assembling cost of coal and the ore from The Cuyuna range to Chicago, $1.85, $1.10, and $1.95; also from The Mesaba it is the same. Compare that to $1.55 and $1.80.

Mr. REPLOGLE. What is your cost today, Mr. Goltra?

Mr. GOLTRA. Well, it is so high that I really couldn't undertake to say just what it is.

Mr. REPLOGLE. It is something like $14.00 or $15.00.

Mr. GOLTRA. It is simply tremendous. We have a figure, however, in coke.

Mr. REPLOGLE. I think the cost, as I remember it, is $15.

Mr. GOLTRA. Probably, I don't understand your query. If you would state it again, of course I will answer it, if I can.

Mr. REPLOGLE. The cost above your metal.

Mr. GOLTRA. You say that it is $15.00?

Mr. REPLOGLE. That is my recollection, it is over $15.00.

Mr. GOLTRA. Have you seen a report from our furnace?

Mr. REPLOGLE. Yes; including coke. That is the way Federal Trade Commission costs are computed.

Mr. GOLTRA. May I reply to that? I don't recollect, in my own memory, what the cost is above, but in order to operate at all out there now we are using nigger wenches in order to keep going. They are making about $8.00 a day.

Mr. REPLOGLE. You will propably have to do the same thing.

Mr. GOLTRA. No; that is just the difference. This is a proposition where it would be difficult to find any other place so far as men, or nigger wenches are concerned. This is supposed to be done in a most efficient manner. That old furnace which was up there and in operation before that Chicago had any furnaces there, is the furnace that we started out in order to try and help out the situation, this being so desperate throughout St. Louis, for the want of pig iron, and of course that cannot be taken in comparison with what the cost overhead would be in a five hundred and fifty ton furnace, two of them with such a property that has implements for the economic operation.

Mr. REPLOGLE. I would need time to go into the freight rates myself, but I know that these figures that Mr. Kennedy puts up here cannot be met, I know that.

Mr. GOLTRA. What figures?

Mr. REPLOGLE. All these figures. He gets down here to an operating cost of $10.37.

Mr. GOLTRA. Under what movement?

Mr REPLOGLE. He cannot get his ore there, and he cannot get his coke at that price. He has taken the highest class of byproduct, net cost of coke at 78¢ and no one else can get anywhere near that.

Mr. BARUCH. The Government is going to buy this coal mine.

Mr. GOLTRA. No, sir.

Mr. BARUCH. Are they going to buy coal? It seems to me that Colonel Richards stated that there.

Col. RICHARDS. It is purely a discussion of the cost of assembling raw material. I think we can take it for granted that all modern plants are operated on about the same basis of cost above.

Mr. BARUCH. With slight advantage to a new one.

Col. RICHARDS. Yes. He has figured that it would cost from Chicago, the Mesaba about $1.97. Your average cost of ore to St. Louis is between $1.55 and $1.80. We are just assuming.

Mr. BARUCH. Your contention is that these materials will be assembled as cheaply, or cheaper, here?

Col. RICHARDS. Cheaper than in Chicago.

Mr. BARUCH. Cheaper than any other place?

Col. RICHARDS. Yes; when you take rail freights into consideration. Now, Big Stone Gap in the first place, that iron is made from Camby ore and wouldn't go to St. Louis. It might release pig iron from Birmingham to St. Louis on which the freight is about $4.00 per ton. The natural market for St. Louis is Chicago, and Chicago would supply, and always has supplied St. Louis, since this Mississippi Valley Iron Company started with pig iron. Notwithstanding that fact prior to the War it was all furnished. What we are concerned, and what the War Department is concerned in, is the cost of assembling materials at St. Louis. It is very much in favor of St. Louis, and the coal and a little iron. It is about 17¢ on the ore, and about $1.50 on the coal per ton. Just on that alone and all other conditions being equal the difference in the assembling cost is considerable. You can make this pig iron at St. Louis and ship it to Chicago just on that difference of assembling.

Mr. BARUCH. My understanding is that this proposition is based on the adequacy of this coal supply.

Col. RICHARDS. The Fuel Administration first said there would be available coal in any kind of a mixture we wanted it. They have changed their mind since then and they have insisted on opening a new coal operation for this.

Mr. REPLOGLE. The lowest cost production in America is in Chicago. They are the low-cost producers.

Mr. BARUCH. Where are they to get this coal?

Mr. REPLOGLE. Why didn't the LaClede get their byproduct coal from Western Kentucky?

Mr. YERKES. There is no byproduct coal in West Virginia, at the present time. When this project was first suggested, early in the Spring, The Fuel Administration suggested that it might be possible to supply St. Louis, provided the railroads could handle it satisfactorily. Then as the other byproduct plant was called to our attention we made the statement on several occasions that we did not have the byproduct coal available to take care of existing plants and plants now in course of construction and to take care of St. Louis in addition, and if the St. Louis plant was built there must be a new source of supply raised. We are still of that opinion. We haven't got the byproduct coal from the existing coal mines unless we take it away from present or byproduct mines.

Mr. REPLOGLE. Have you investigated these particular coal mines?

Mr. YERKES. We have not. We were told that there would be an investigation by The War Department and we asked that an investigation be made by The Bureau of Mines before this matter was passed upon and that is the last we have heard of it.

Mr. REPLOGLE. Mr. Chairman, isn't the situation this: this is a new facility and the responsibility is certainly up to you. Inasmuch as The War Department contract has been taken care of, they have not been delayed on account of a shortage of pig iron and I feel quite positive they will not be delayed; other people will probably be short, but The War Department are going to get what they must have; therefore, I think this is a big involved proposition that we ought to have sufficient time to check up Mr. Kennedy's report and shoot holes in it, if there are holes, and I am quite sure it is full of holes.

Colonel RICHARDS. You will agree that after all the whole thing depends on the cost of assembling materials. You will agree that the modern furnace in St. Louis will operate as well as a modern furnace in Chicago, won't you?

Mr. REPLOGLE. Yes.

Colonel RICHARDS. And the overhead would be about the same? After all, it comes down to a cost of assembling the material, and you know, as well as I know, the great scarity of pig iron in the St. Louis district.

Mr. REPLOGLE. I want to say this. It does not entirely come to that, because these furnaces could not be operated under probably a year or a year and a half. In building a Government plant we are going to look at conditions after the War. Now, after the War conditions may be different. There is an abnormal demand in St. Louis today, but that is a situation which we will try to meet, but it is questionable whether in the period after the War the demand for Government iron and steel will be very much greater in the Chicago district than it is in St. Louis, far greater even in proportion to the capacity, particularly if the Railroad Administration stays under Government control. I think that is what we have to look at, the after-war value of this plant, and the value of the location.

13 Colonel RICHARDS. That is set up in the contract.

Mr. PERKINS. That is taken care of in the contract. It seems to me there are two questions there, Mr. Chairman. The question that we were discussing was the relative cost of pig iron at St. Louis and in Chicago. Then it seems to me there is a second question of the relative importance of pig iron in St. Louis and Chicago. Assuming that there is a benefit in the cost of assembling at St. Louis, when we have got that settled, the next question is whether on the given prices, comparative prices, St. Louis or Chicago, is the best place to put the facility. But it seems to me that this last point that Mr. Replogle raised is a different point from the points we are discussing first. Colonel Richards says the question of cost, and that is what we were talking about, is a question of the comparative assembling cost of raw material. We have not got that. I don't think we have that clearly thrashed out yet, and I would suggest it might be well to determine that point unless you are prepared to say that we don't want pig-iron capacity in St. Louis at the Government expense, because there is not anywhere near as good a place, irrespective of reports, as Chicago would be. Of course, if you say that, and if that is a fact, there is no necessity for further discussion on the cost question.

Colonel RICHARDS. You understand, of course, that after these furnaces are built and the Mississippi Valley Iron Company buys them, it cannot change to St. Louis after the war. They will have no market there. That ought to be clearly understood. You ought to take that into consideration, and whether you did take that into consideration or not I don't know. These furnaces certainly have an advantage over Chicago if they are managed as well as the furnaces in Chicago.

Mr. BARUCH. We are getting away from this question a little. The proposition is this: the Board has recommended the advisability of a pig-iron capacity in St. Louis, but the proposition comes now that the Government should build it and whether St. Louis is the place that the United States Government ought to go to get its pig iron, whether it would be of more advantage to put it in St. Louis, taking into consideration the fact that St. Louis needs pig iron. Or whether we should go to some other point. The Board is still unanimously of the opinion that we favor a pig-iron capacity in St. Louis by private money, but when it comes to a question of whether the Government should put up all the money and take all the risk, the point immediately comes whether St. Louis is the best point to put it. That seems to be the proposition more than anything else. We ought to decide that first. Now then, after that is decided, then we come to the question of cost.

Mr. GOLTRA. Mr. Chairman, can I be heard for a moment.

Mr. BARUCH. These meetings are very informal, Mr. Goltra, and you can sit down if you so desire.

Mr. GOLTRA. Having due respect for all present, I will rise

14 for a moment. Gentlemen, the impelling cause to my coming here at the end of last May, or the beginning of June, was communications put to me by The American Steel Foundries, The Skullen Steel, Curtiss and Company, and other consumers of pig iron insisting that I come down here and call the attention of The War Industries Board to the absolute necessity of doing something to give us more pig iron at St. Louis. I came down, and I went to you first, Mr. Chairman. You turned me over to Mr. Replogle. Mr. Replogle conferred with Mr. McLauchlin, and after four or five days' investigation there was a letter written by Mr. Replogle notifying me in writing that it was desired that these new facilities be materialized at St. Louis, and I take that letter to The War Finance Corporation as Mr. Replogle stated to me and Mr. Legge that there is the place where I should get the funds, it being intended from the first that the Government is going to furnish the money, as I understood it because I made it very clear that I was a poor man and did not have the necessary money. I was absolutely correct in that particular. I go to them with the letter from Mr. Replogle and they say, "This will not do. You will have to have a letter direct." I go back to Mr. Replogle, state the matter to him; Mr. Replogle prepared a letter addressed to The War Finance Corporation and had it taken to you, Mr. Chairman. You read it; you approve it; and

it was sent to The War Finance Corporation. Then The War Finance Corporation took the matter under advisement, and they said; "This is going to require a certain amount of money, and we had better communicate with Mr. Schwab and find out whether a plant of this character located at St. Louis, but being self-sustaining after this war, as well as now, with these high war prices." Mr. Schwab was communicated with by a letter and he made reply to that and told them that he thought that it would be, but that he did not have the data at his finger ends, but he was well familiar with the situation there and he knew that an increase of iron facilities should be warranted in St. Louis, for they needed it badly as well as coal facilities, but that he recommended to The War Finance Corporation an Engineer, and he suggested Mr. Julian Kennedy, of Pittsburgh, as he was the best metallurgical engineer that there was, in his opinion, in The United States, being called in to advise them and make report on the matter of course, and as he stated in his letter, the copy of which I have, that anything that Mr. Kennedy would underwrite that he would underwrite in turn 100%. I was asked by The Corporation whether I would stand the expense of having Mr. Julian Kennedy make an expert report on this proposition, and I said, "Yes." Mr. Kennedy was called in. He has made this report, and I think that it is a little unfortunate that Colonel Richards has not read the final statement of Julian Kennedy in there as he states point blank that the whole thing so far as I understand the point raised by Mr. Replogle, and I suggest that it be read before we adjourn. Now, Mr. Chairman, since that time when The War Finance Corporation found that Mr. Rockwell, of The Internal Revenue, was taking the profits, that all of the profits of this institution would first be amenable to his Collection Agent they said, "You would have no ability to pay this off and we cannot do this; we cannot let you have this." I went then before The Ways and Means Committee that was sitting at the time considering the framing of this bill, and I appeared there, I think, six times, before them because they took this case up in order to use it as a clear situation to guide them as to how they should act, and this was to be their guide, so as to write the bill to take care of this excess-profit feature, and Mr. Claude Kitchin told me afterwards, and also Mr. Henry, that they were satisfied that they would be able to get it for me. They said it was stopping Industry, increased plant facilities were being stopped. On their statement I then went over to New York; I raised the money in New York to do this thing, as I was being urged very strongly by St. Louis as we were getting into a desperate situation there. Chicago may have iron and Pittsburgh may have iron, but we have not iron in St. Louis and we want it.

Mr. BARUCH. For domestic purposes?

Mr. GOLTRA. I don't believe there is a single thing out there that is not working directly for the War.

Mr. BARUCH. Is any War work closed down because of lack of pig iron?

Mr. GOLTRA. I think that The Curtis people right now are in a very serious situation. They are one of your principal shell makers. The matter comes to them from The Shullen Steel Company indirectly. They told me they were unable to get their metal.

Mr. REPLOGLE. You mean Skullen.

Mr. GOLTRA. I don't know whether they got it, but I just simply said that one plant was down.

Mr. REPLOGLE. We don't know it, and we promptly correct it if it is. There is no reason, because they are on 155 millimeter, and there is no shortage of that. We can give them all they want right away.

Mr. GOLTRA. I think it would be a good thing to take it up, because Mr. Steadman told me not more than ten days or two weeks ago that they were not receiving plates, or something of that sort.

Mr. REPLOGLE. Of course, that might be forging; you mean forging?

Mr. GOLTRA. That I cannot answer.

Mr. PEEK. There has been a change in that, and there has been some hold up in the forges.

Mr. BARUCH. Let us not digress.

Mr. GOLTRA. I returned here and reported the matter, and I was referred by Assistant Secretary Crowell to Colonel Richards. Then comes along the report from Mr. Claude Kitchin to the effect that after exhaustive effort they find it is impossible to write that bill to avoid the clause. That made it impossible for private money to conduct this enterprise. Then came in the matter of getting the money by The War Department doing this matter direct. We went over the matter with Secretary Crowell, and I believe that Mr. Perkins will bear me out that I have practically said, "Write the contract and I will sign it." I know of no change of the Government furnishing any money. That is the first idea that we had. I know of no change in the except when I undertook to get the money in New York. Now, then, as regards the cost to assemble the raw materials necessary to the production of iron, I want to say, Gentlemen, that this proposition to take ore from The Cuyuna range or the Mesaba range, or the other range over to St. Paul and put it on barges and let it come down the River is no experiment any longer. I have absolutely demonstrated that the thing was not only feasible but absolutely practical. I am sorry I did not know this was coming up or I would have had photographs of a very large fleet loaded with ore coming down the River.

Mr. REPLOGLE. What portion of the season could you do that?

Mr. GOLTRA. The records of The War Department, the Engineer, shows eight months.

Mr. REPLOGLE. It would be possible to go down eight months of the year?

Mr. GOLTRA. Yes, Sir; that is what the records show. It was a very fortunate thing for the city of St. Paul that I embarked on that experiment; and it was an experiment at that time, as all the municipal buildings last year were heated and lighted by the coal which went up in this very way we are talking about to St. Paul. The city commandeered it when we got it there. The equipment that I had was the best that The Secretary of War could furnish me. The estimates made by the Government Engineers there was that it was about forty-two—if my memory serves me correctly—forty-two percent efficient. There is no question at all, Gentlemen, and it has been proven not only on that river, it is being proven every day, and the United States Steel Corporation have awakened up to the situation and is going to take advantage of the thing and is taking

advantage of the thing—I referred to the operation of boats. The United States Steel Corporation is realizing the possibility of this thing, and the use of barges I am positive will become general. The Steel Corporation, on account of what we have done, are now building barges of their own to take advantage of that. That is nothing in comparison with the Mississippi, whereby there was no question at all but that we will take coal to St. Paul at such a cost, including the cost of getting that to St. Louis, so that it will make a handsome profit in the taking of coal, even if we did not bring any ore
17 back at all, and the rate made by Mr. Julian Kennedy of 25¢ a ton was simply an arbitrary thing on his part. The rate made by Colonel Richards wouldn't be double that. You certainly would be astonished how cheap people can assemble material down there. There is no question at all that we will assemble, so far as the ore is concerned, cheaper at St. Louis than Chicago can assemble. The tools and implements that Chicago must use cost far more; I mean the boats for the Lake service, Mr. Replogle. That means simply barges on the River. We don't have the severe conditions, and they don't have the service, and the cost is very, very much less here. Now then, as to the coal. Limestone is in sight of the furnace. Chicago has to go way up and has to get into Michigan for its limestone, and yet we use half a ton of limestone for every ton of pig iron; and I can say right here, Julian Kennedy told me after making a two weeks' investigation—he said: "Mr. Goltra, I am astonished; I am astonished at what you can do at St. Louis on the cost of assembling."

Mr. BARUCH. Is that a matter of record?

Mr. GOLTRA. Not those exact words, but what is tantamount to them, in the last sentence in his report. Now, while the regulations were on, I went to Franklin County. I take coal to St. Paul and have it go through the new copper ovens, because they are a narrow oven, built at St. Paul. The results of that Franklin coal are all that anyone could desire, and the Bureau of Standards of Mines is now using a tremendous amount up there, and they want to make a scientific report.

Mr. REPLOGLE. Do you have the analysis of that coke made in those ovens?

Mr. BARUCH. You can get it from The Bureau of Standards.

Mr. GOLTRA. We did not know about this coming up, and all of my papers are up at St. Louis. I bought an option so as to bring the coal from Franklin County down the river and up to St. Paul. I come down here; and I am told, after making those arrangements, that I cannot use coal from Franklin County, that that is going to Chicago. That is being used. Chicago again. I then take that which I had under consideration and which has been brought to my attention by Mr. Cavanaugh. Dr. Garfield told me that I must go and develop a new source or a source that is now being used for the production of this coal. I then acquired this property of which you have spoken. There is nothing new about that property at all. The only reason why it comes up is because the River transportation is coming up. There is coal there, and that is of very highest quality. Colonel Richards has been there. The man who represents the State of Illinois in the matter of coal mines was called in by The War Department. He has been there, and coal is surely there. Now,

Gentlemen, in all respects, but most earnestly, do you think that it is fair, after I have gone through all of this, to now say, "Why, we did not know that the Government was going to put up any money in this proposition at all. We thought that it was private money?"

Do you Gentlemen think it is fair?

18 Mr. BARUCH. There is a great differentiation between that, and I will take it up when you finish.

Mr. GOLTRA. Do you think that at this hour, it being admitted by all of you Gentlemen, that we ought to have these facilities so far as St. Louis wanting pig iron is concerned, to now back water because of any situation that comes up that had not been thought of before? Outside of common fairness, is that good business to do that sort of a thing when we don't know how long this War is going to last? The cost of assembling iron, the raw material for the production of iron at St. Louis, Gentlemen, I am prepared to show is less than the cost than the assembling of the raw materials necessary to produce a ton of pig iron at Chicago. Then there is the rate now out of $2.00 a ton to be added. We are only asking, we are only here, because we need this. That is the only reason we are asking. God knows I did not get into this matter to make money. I did not undertake this job for that reason. I knew, and I know, where the burden will rest. I would not undertake to build another plant if we really did not need it there. I don't know whether you have them or not, but the Secretary of War has telegrams here from St. Louis pointing out the seriousness of the situation from Mr. Jackson Johnson, who represents you out there, who is The President of The Chamber of Commerce, from concerns using pig iron out there right along and others concerned in the situation. I don't think it is necessary for me to say any more, Gentlemen, and I am very much obliged to you for the hearing. I would like to say one other thing. Mr. Chairman, I appreciate the responsibility that rests upon this Board in entering into a contract for the materialization of pig-iron furnaces; and I wanted to know myself, of my own knowledge, as to whether I was making the right sort of a contract. There is no profit in this thing that comes to me or to my associates whatsoever during this War. If there is, then I want to withdraw the proposition right now. I took the contract as it was outlined and given to me, and I first laid it before the Vice President of The United States, and I asked him the question: "Is that an improper contract for me to enter into?" I took it to the Speaker of the House, and I asked him that question. I took it to Mr. Claude Kitchin. I took it to Mr. Rainey, and I took it to a number of Senators. I can assure you, Gentlemen, that so far as the contract is concerned, so far as the substance of the contract is concerned, there is nothing improper. There is nothing improper that is proposed or intended in this matter. That is all.

Mr. BARUCH. I don't think anybody has even intimated any impropriety in the contract nor has anybody intimated that any profit is going to come to anybody in making the contract. Now, with reference to this Government furnishing the money, there is one difference where the Government puts all the money and
19 where it lends the money to an institution like The Mississippi Valley Iron Company, which has a credit and should be responsible.

Mr. GOLTRA. Our entire output, which The Internal Revenue Collector Operative gives an investment value of $4,600,000.00, is up against this whole thing. We lose everything if this doesn't go through.

Mr. PERKINS. It is not made secure just through that liability. It is back of the contract, and they are free if the contract extends, they are to put a mortgage on.

Mr. GOLTRA. Let me state this, Mr. Chairman: We owe nothing to anybody so far as money is concerned. We have no bonds. We have none of those fashionable things as they have over in the East. We owe nothing to anyone. We have that plant and owe it in fee simple.

Mr. BARUCH. The War Finance Corporation——

Mr. GOLTRA (interposing). Owe it to the Excess Profit feature they said that it will take longer than five years.

Col. RICHARDS. Further than that you would have to have $11,250,000.00 in net assets.

Mr. GOLTRA. We would have to have approved securities.

Col. RICHARDS. They don't lend any money.

Mr. BARUCH. Have you had this whole proposition up in general?

Col. RICHARDS. I have been to see it.

Mr. BARUCH. Have you seen the report of The Bureau of Mines?

Col. RICHARDS. No.

Mr. BARUCH. Have you a report with reference to that?

Col. RICHARDS. Mr. Cavanaugh went with me, and Mr. Gallagher and Mr. James Taylor.

Mr. BARUCH. Do you think that examination is sufficient?

Col. RICHARDS. I think that from the tests made the concensus of opinion was that this coal underlies all these other eleven or twelve seams of coal in West Kentucky.

Mr. BARUCH. Would it be the kind of report that you and I, as individuals, companies, or societies, would put our money into it? Is that the kind of report that we would put our money in on it? On this report would you put your own money in on it?

Col. RICHARDS. If I had an order I would for coal to keep me running.

Mr. BARUCH. There is not any contract.

Col. RICHARDS. The Ordnance Department agreed to make a contract for a million tons.

Mr. REPLOGLE. Of what?

Col. RICHARDS. Coal.

Mr. PERKINS. The only advantage that will be gained is this. I have a statement here which will clean that up. (Mr. Perkins then read a statement which he has on file, and anyone desiring to see that statement, in all probability, can obtain it from Mr. Perkins.) Now that, and the one of Colonel Richards, can tell us about coal and what Mr. Cavanaugh can tell us about coal, and I think that with the testimony that we have we ought to be able to determine the coal feature.

Mr. BARUCH. We are approving a contract to bring five million tons of coal. You ought to know that exists there, because it is the key and the basis of this proposition. Now, if you have already cross-examined Mr. Cavanaugh, what is your decision?

Mr. PERKINS. I have passed no judgment on the question of coal.

Mr. BARUCH. We must have absolute judgment upon it, because it is one of the basic things. If that has been done it seems to me that we are rather in a weak position to pass upon a contract, the basis of which is a coal property, and that unless we are absolutely positive on that we have a rather weak link.

Mr. PERKINS. I believe that Mr. Crowell passed upon this proposition favorably.

Col. RICHARDS. We are talking about two different things. This is emergency coal. If I was going into it in a commercial way I wouldn't have to take evidence. I could take that evidence on account of the low investment. We would outline that coal while we were opening; that is the way I look at it.

Mr. PERKINS. The question in my mind is not the question exactly as you put it, Mr. Chairman, but substantially it is the way you put it. The question of whether this coal can be mined commercially.

Mr. BARUCH. The responsibility would be the Ordnance Department's responsibilty.

Mr. PERKINS. I think that Dr. Garfield said he wanted to be certain on this thing. Dr. Garfield wants to be positive as to the source of supply. It seems to me this should be perfectly clear and definitely established.

Mr. BARUCH. Who is going to operate the coal mine?

Mr. PERKINS. Mr. Goltra and his associates.

Mr. GOLTRA. The contract will be with a different outfit than the Mississippi Valley Iron Company, and The Mississippi Valley Iron Company will make that contract subject to the agreement made by the different contract. Mr. Chairman, as we have the largest coal operator in that part of the country in this room, I believe that in a very few minutes he can explain the situation to us clearly. I refer to Mr. Cavanaugh.

Mr. BARUCH. I have not overlooked him. I want to get this straight. I would like to hear from you, Mr. Cavanaugh.

Mr. CAVANAUGH. Mr. Chairman, I am very glad indeed to hear this discussion because it seems to me that it will be proper for me to tell the story as to how I happened to come into it. I was in New York yesterday and Mr. Goltra wired me to come back here. I happened to have today with me data pertaining to this West Kentucky project. I want to say in the first place that The Bell Seam of coal has been known for a great many years—over fifty years. There are none of the old Mississippi Ore River operators but that know about the deposit of coal. It is a high grade of coal. About six or seven years ago I was in Chicago and met Mr. Summers. I am using his name. I am sorry he is not in Washington today to confer on this and to confirm all of this, but it can be easily confirmed, and he said that the finest metallurgical coke and coal that he knew of was in Kentucky. At that time we did not know that there were a couple of deposits in Franklin County, Illinois, that could be coke metallurgical, and Mr. Summers, in talking over the matter with me, was very much surprised to learn that I had knowledge of a deposit of coal in Western Kentucky for about twenty-five years which I thought was metallurgical coking coal. I

d d not know that it was, but I knew it was a very low sulphur coal, l ow in ash, and a very valuable coal. He challenged me to go down t ere and look it over. It just happened that an old friend of mine who since died had an indirect interest in some acres of that coal which was turned over to him for a deed, and he asked me if I would g down and look this particular bit of coal over to see whether or n t his deed was secure, so I went to Chicago again and made an a pointment with Mr. Summers, and we, together, went to Western Kentucky. We started from Marion, which is the County seat. We went over the foothills of the Ozarks and stayed with an old farmer t ere, and we spent ten days riding out from this farmer's home on m uleback through this mountainous country and investigated the v rious openings. We visited at least a dozen different places up and down through the valley and went into a good many of them t at did not have much water in them. I took samples, and Mr. S mmers, upon his return to Chicago, notified me that it had turned o t to be one of the most remarkable deposits, and he expressed the o inion that it was the continuation of the Eastern Kentucky deposit a d that it went clear under the State and outcropped at this par- t cular point. The Bell coal underlies all of these veins, and it is a t in-vein coal, whereas the West Kentucky is not such a thin vein. S me of it runs as thick as sixty, and it does not resemble in the slightest degree the present opening of the West Kentucky Coal Company or The Pittsburgh Coal Company. In making our investi- g tions, we found the old original Bell Slope, which had been opened b a man named Bell, referred to by Dr. Ownes as having opened u this coal and operated it, transporting the coal to the River and l ading it into barges and taking it away to New Orleans. We found i the opening of this Bell Slope a pile of slack that had been on the g ound for over fifty years. I am quite safe, I think, in saying that t ere was at least two or probably three thousand tons of coal in t at pile of slack. Samples were taken from that slack and analyzed, a d it was perfectly remarkable as to what had been done. So, when M r. Goltra, some months ago, told me that he understood that The Fuel Administration would not allow the development of any enter-
prise that would take low grade, I mean low sulphur coal,
20 which would have to come from the East, and then they would
have to find a new deposit, I mentioned this deposit to him. As to the existence of that seam there is no doubt. Mr. Summers a d I visited at least a dozen times this opening up the way. Whether they were all the Bell seam or not, I don't know. I think t ere were three separate, distinct seams of coal, but all of the high g ade. Something like a month or two months ago I got a request t join Colonel Richards and Mr. James Taylor, who is a State Mine I vestigator for the State of Illinois, and one other gentleman, and went down to this file of coal. I went along to show them the deposit, a I had been telling them about it. We went over into the territory a d visited several openings and I think demonstrated very clearly t e existence of the seam. Now, there has been drilled holes—diam- eter coal drills—hole made of that coal without finding any d sappointment anywhere.

Mr. BARUCH. Has that examination been made by The Bureau of Mines recently?

Mr. CAVANAUGH. Not recently.

Mr. BARUCH. They were also to make a recent examination of it. I thought that was the understanding.

Mr. YERKES. That was the Fuel Administration's request.

Mr. CAVANAUGH. Mr. Chairman, I have here a sheet which was published about the time of the World's Fair at St. Louis showing the comparative analysis and tests of the Bell coal as compared with the other district which is in favor of the Bell coal and it shows that the seam is claimed to be tested out and it shows the full work of the seam. Now, there were several carloads of that coal dug out of the ground, hauled by wagon over to The Illinois Central Railroad.

Mr. PERKINS. From these openings?

Mr. CAVANAUGH. Yes, Sir; and it was shipped to Chicago to the By-Product Coke Corporation, which is a branch of the same company. The LaClede Gas Light Company tested it for gas-making purposes at that time, and at that time they did not have a by-product oven in St. Louis, but they tested it for the purpose of seeing whether or not it was low sulphur coal. The analysis that was made on the samples they got, Colonel Richards took them himself out of those two or three thousand tons of slack.

Mr. BARUCH. Colonel Richards, did you make an examination of the property also?

Col. RICHARDS. Yes, Sir. We saw the geographical forms. We were over the property. We visited these slopes. We could see the coal that had been taken out and about half a mile further on there was six miners working on small operation, and they had a mule and some cars, two cars, and they were mining the coal on shares for local consumption. That coal is forty-six inches thick. I don't think it is the Bell seam. I think it lays farther than
the Bell seam. It would show that. The evidence of these
23 reports that two of these men who worked in the slope is
that the coal in the Bell seam outcrops about forty-two inches and that it was increasing in thickness. One of these men had dug the coal when it was produced at St. Louis and shipped to Chicago.

Mr. BARUCH. The point I want to get is this: Is your knowledge the kind that you and I would put our money in on? For instance, if you would say to me, "Now we will go into this. This is a good business." That is the kind of information the Government ought to have before it does anything. If anything is passed upon by the Government, we ought to have the right knowledge.

Col. RICHARDS. Before this was ever thought of this matter was discussed by myself and Mr. Summers, and we were surprised at the remarkable coal there.

Mr. REPLOGLE. Is this in Franklin County?

Col. RICHARDS. It is in Kittenden County.

Mr. CAVANAUGH. Mr. Chairman, will you look at this map just a minute?

Mr. GOLTRA. May I make a statement? I have invested my money. That is saying a great deal, because I haven't very much and I cannot afford to risk it.

Mr. BARUCH. That is to say that it will go ahead anyhow.

Mr. GOLTRA. In order to keep going with it, Mr. Chairman, the President of The Florida Shaft told me the other day that he thought they would have to come back on us.

Mr. BARUCH. That is the answer; you are going to go ahead anyhow?

Mr. PERKINS. Why shouldn't we take out this contract, the undertaking to buy one million tons of this coal?

Mr. GOLTRA. Because I have got to be able to get my money, Mr. Perkins.

Mr. CAVANAUGH. I want to get through with this. This map was made by Mr. Summers immediately after he and I went there together, and he sent me this copy. Now here is the Ohio River right here. Here is the mouth of the River, and you will notice that it goes around in this shape. Mr. Summers and I visited openings for ten or twelve miles along the river with outcroppings of coal. There is no question but what it exists all through that country. Now, here is The Smith Slope right here. Here is the old Bell slope called "The Bell Shaft", but it is really a slope in front of which was that two or three thousand tons of slack. The distance between the mouth of the water and this point here where the coal would be dropped is about two and a half miles. The distance between trade water is in the neighborhood of one hundred and twenty-five miles and one hundred and eighty-seven miles from that point to St. Louis. I am satisfied that Colonel Richards' statement that coal could be brought from these openings to St. Louis for 50¢ a ton is absolutely a conservative statement. You can take the regular rule of $5,000.00 a month for the operating expenses, $5,000.00 a month for the shipping of it, and if you make four trips a month with three thousand tons to the trip to
St. Louis you have got twelve thousand tons as against five
24 thousand tons; 50¢ a ton will do it, there is no question about
it, and there is no question about the existence of the coal. There are several openings. There is one called "The Miners' Shaft" that was opened up over here somewhere. It is right over here [indicating]. That is an old shaft adjacent to that shaft. That is the old Miners' Shaft. This is the logival place for the dump. Here is the logical opening.

Mr. GOLTRA. Does Mr. Cavanaugh possess any ownership in that property?

Mr. CAVANAUGH. None whatever. I haven't any interest in this matter except to help Mr. Goltra at the present time. I want to say that I did not take any sample, but Colonel Richards went into this pile and picked up a short sack full of this slack, and when we got to Evansville I requested that he give me part of that sample so that I could have it analyzed. I don't know his analysis showed, but I gave Mr. Goltra some of it, and he analyzed it, and The Mississippi Valley Iron Company showed a moisture of six ninety-three, sulphur .97, phosphorus .025, carbon fifty-five one nine.

(Mr. Cavanaugh then read several statements as to the quality of the coal.)

Mr. LEGGE. The Fuel Administration are, after all, charged with the responsibility of delivering coal or coke. Now, if this does not turn out, it will be up to you to get coal somewhere else, so your interest is, in my mind, the prime one in this proposition. Are you people satisfied from The Fuel Administration that this is a safe source of supply to depend on?

Mr. YERKES. I don't believe the investigation has proved it if Government money is to be put in. If private money is to be put up, and they want to gamble on it, it is a different proposition.

Mr. LEGGE. Private money is going into this coal.

Mr. GOLTRA. That is correct.

Mr. LEGGE. The Government project at St. Louis must be supplied with coal; otherwise it is no use in putting it there unless you get the coal from somewhere. Is this source of supply, or some other source of supply—are you in position to recommend a project so far as supplying the coal is concerned? Are you satisfied that it is a dependable source of supply, or are you not?

Mr. YERKES. Not until it is thoroughly proved by drilling and further tests of the coal in byproduct ovens. The fact that the tests were made some five or six years ago would show that the coal is a suitable metallurgical coal, but I think that other tests ought to be made.

Col. RICHARDS. I took Mr. Gallagher with me and Mr. Taylor, both familiar with the country. Mr. Gallagher was not familiar. We could not get in only at one opening to see the coal. Coal does not outcrop this way. The evidence that this coal has been found on thirty-five acres would tend to show that outcrop of coal of that character in a coal field does not bank up nine, or five or six hundred
feet. I would take Mr. Gallagher's judgment before I
25 would take my own. The ease of a pack, to get in from the
shaft, the contour of the coal, are all in its favor. There is sufficient acreage to take care of any emergency without any necessity of sinking of shafts. We would go right to work to get the coal first and I would do some testing to get our contour as to whether we wanted to drive our wedge. That is all.

Mr. LEGGE. How far is that from this property?

Col. RICHARDS. It is up in West Virginia.

Mr. LEGGE. You don't mean you would undertake to take the coal here from that property. You would supply coal from your West Virginia project?

Col. RICHARDS. Yes, sir. I think the test by the By-Product Coke Corporation is quite remarkable. This coal is not improved in coking qualities. I imagine this coal will give under all those seams, all the evidence tends to show that it would. This slack, I took a sample, I gave Mr. Goltra part of it, and therefore I didn't let it out much. I had, I should think, about four or five pounds at hand for analysis. They reported that it was alright. (Colonel Richards read the report with relation to the analysis of this sample of coal.)

That is pretty good evidence that that is exactly the same coal.

Mr. LEGGE. Supposing you were in Mr. Goltra's place, what would be your next move? Have you got sufficient knowledge of this from the inspection you made so that you would put your own money into it?

Col. RICHARDS. I do from the way Mr. Gallagher, who knows about those things, put it up to me. He was satisfied that this seam of coal is there and underlays a very considerable acreage. If we had plenty of time we would only drill to get the contour of the coal to lay out our operations.

Mr. REPLOGLE. Should not the coal proposition be developed, opened up and used? The La Clede Gas Company would be very glad to have it. They are getting their coal way down quite a distance. Now if it is good there is a ready market for that coal. Why not develop that coal and prove it before we go ahead and build a Government steel plant?

Mr. LEGGE. You say, Mr. Perkins, there is a provision in the contract for the supplying of a million tons of coal outside of what is gotten out of this property.

Mr. PERKINS. No; not outside a guarantee against their development expenses. The Government agrees to buy a million tons of coal from them.

Mr. LEGGE. Of this particular coal?

Mr. PERKINS. Yes, sir.

Mr. YERKES. Is there any particular time set for the delivery of that million tons?

Mr. GOLTRA. The provision is to supply the requirements.

Mr. PERKINS. I will read the provision of the contract referring to that.

(Mr. Perkins read the provision of the contract referring to the delivery of the million tons of coal.)

Mr. GOLTRA. Think of what we are forced to do at St. Louis in getting pig iron when right over the way east of us The Steel Corporation is making iron for Chicago. Is it fair or right? The thing comes down to Dr. Garfield that we must get coal from an entirely different source. We cannot use Franklin County coal.

Mr. YERKES. The Fuel Administration had no definite knowledge at the time of the qualities of Franklin coal when used by itself. Now the test has been undertaken by The Bureau of Standards and there is a test now being made at St. Paul of eight thousand tons of coal which will determine whether or not Franklin County coal will make a satisfactory metallurgical coke in and out of itself and it is possible that if these tests are satisfactory that there will be coal available in Southern Illinois that can be used by itself for metallurgical processes.

Mr. GOLTRA. Fine. That test has already been made by me. I have shipped the coal from The Orient Mine and from two others. We have made that and the coke is fine. We did it in the copper ovens, the new ovens at St. Paul.

Mr. YERKES. There has been no report made to us yet by The Bureau of Mines on what that test developed.

Mr. GOLTRA. There is no question about that Franklin County Coal making excellent coke. If we get metallurgical coke out of that coal there is not any question about there being sufficient coal supply for this operation at St. Louis.

Mr. YERKES. I don't say that there was or was not without further investigation, but we are asking that tests be made and not confine the tests to The Orient Mine.

Mr. CAVANAUGH. You will find Mr. Yerkes that there is two mines, The Orient and The Royal, that will make a fine product. The highest grade coal in the state is that lighter mine. Still that is too high in oxygen and does not make a good coke although it seems to be right in the same district and over in another County there is a fine coal.

Mr. YERKES. We are asking that those tests be extended to other mines in the same field to determine the matter more specifically. The Fuel Administration is not satisfied yet that it can recommend Southern Illinois as a source of supply.

Mr. GOLTRA. The coal that is being mined now and of which Colonel Richards spoke as to whether the coal was or was not a better coal than this very one that he is talking about now is from Franklin County.

Admiral FLETCHER. I don't think that there is any question but that that coal is available when it is opened up and it is good coal as far as all the reports from The Bureau of Mines are concerned. It is said to be of good quality. It is low in sulphur.

Col. RICHARDS. This one here I don't think there is any question about it.

Admiral FLETCHER. That is good coal in Southern Illinois but it is a limited quantity and you could not count on the supply there for an indefinite time. As a matter of fact you get your coking coal in St. Louis from West Virginia today. I don't know anything about the business side of it. I know from the report of The Bureau of Mines which we got when I was on that Board. There is a large deposit there of low sulphur coal and it is a good quality as a rule.

Mr. CAVANAUGH. These blue prints were made in 1913. I have a letter somewhere in my files transmitting it to me.

Admiral FLETCHER. Mr. Ingels, we have everybody's ideas. If you will ask Mr. Baruch what are his wishes about this matter I will be much obliged.

Mr. BARUCH. I would like to have Mr. Powell check up the matter from the Railroad Administration's viewpoint and have Mr. Yerkes pass on the coal situation.

Meeting Adjourned at 1:00 P. M.

787 Meeting of the War Industries Board held Tuesday, October 1st, 1918, at 10:30 A. M., in Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; also Mr. Perkins, Mr. Gerard Swope, Mr. H. B. Swope.

Organization—Reading of the Minutes.—The reading of the minutes was postponed because of the Secretary's absence. As there were no matters up for the consideration of the Board, the meeting adjourned immediately.

(Signed) H. P. INGELS, *Secretary.*
"R"

788 Meeting of the War Industries Board held Thursday, October 3, 1918, at 10:30 A. M., in Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; also Mr. Perkins, Mr. Ritchie, Mr. H. B. Swope, Mr. Gerard Swope.

Organization—Reading of the Minutes.—The reading of the minutes was postponed because of the Secretary's illness.

Day Light Saving.—The Board is in favor of continuing the Day Light Saving Law beyond the last Sunday in October. The continuation of the existing arrangement will effect a 10% saving in power. Mr. Swope will present the Board's position to Senator Calder.

Clearance—Cartridge Storage Cases.—The Board cleared the request of the Ordnance Department for 10,000 tons of steel for the manufacture of 1,750,000 cartridge storage cases for 155 mm. guns and 1,250,000 cartridge storage cases for 155 mm. Howitzers. This clearance is subject to the restrictions as to the congested area.

Organization—Proposed Merging of the Building Materials Section and the Facilities Division.—This matter is to be considered by Messrs. Baruch, Legge, Peek, and Humphries, and a course is to be determined upon which will promote greater cooperation and
789 smoother functioning of the two branches.

Labor.—Mr. Frayne is to confer with Mr. Peek as to the advisability of coordinating the action of the Regional Advisors with the local boards of the Employment Service. It was suggested that Mr. Densmore appoint a representative to work in conjunction with the Facilities Division.

The Meeting adjourned at 11:45 A. M.

(Signed) H. P. INGELS, *Secretary.*
"R"

789½ The meetings of the War Industries Board, scheduled for Tuesday, October 8th, and Thursday, October 10th, were postponed because of the influenza epidemic.

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790 **Meeting of the War Industries Board held Tuesday, October 15, 1918, at 10:30 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; General Goethals; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Replogle; also Mr. Perkins, Mr. H. B. Swope, Mr. Gerard Swope.

Organization—Reading of the Minutes.—The reading of the minutes was postponed because of the Secretary's illness.

Congested—Removal of War Risk Insurance.—Because of limited housing facilities, it is essential that some decisive step be immediately taken. A partial solution of the problem would be effected by the removal of the offices of War Risk Insurance from Washington, and the Chairman will make an effort in this direction.

The Influenza Epidemic.—Judge Parker will outline a program for the alleviation of the epidemic, which the Chairman will bring to the attention of the President.

Food—The Unsatisfactory Situation existing in Washington.—It developed that some of the proprietors conducting Washington restaurants are profiteering at the expense of War Workers. Mr. Frayne is to take this matter up with Mr. Hoover and develop a plan that will speedily and effectively correct this situation.

Board's Participation in Proposed Convention of all War Service Committee of the Chamber of Commerce of the United
791 *States.*—It is contemplated that this convention will be held in Atlantic City about the middle of November. Judge Parker and Messrs. Peek, Frayne, and Replogle will convey the message of the War Industries Board.

Steel—Allocation for Foreign Ship Needs.—The Board is of the opinion that no steel shall go out of this country for foreign ship needs unless directly concerned with the war program.

Reconstruction of the Gillespie Plant.—Because of the limited supply of labor and the congested housing facilities in the immediate vicinity of the Gillespie Plant, it was suggested that the War Department consider the advisability of locating half of the proposed plant elsewhere.

Labor—Acute Labor Shortage for War Industries.—Judge Parker and Messrs. Frayne, Legge, and Swope will consider this question, outline a definite program, and start the drive that will relieve the acute shortage of labor for war industries. This committee has the power to act for the Board in this matter.

The meeting adjourned at 12:10 p. m.

(Signed) H. P. INGELS, *Secretary.*
"R"

792 **Meeting of the War Industries Board held Thursday, October 17, 1918, at 10:30 A. M., Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; General Goethals; Mr. Brookings; Mr. Frayne; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Ritchie; Mr. Gerard Swope.

Loading Plants—Rebuilding of the Gillespie Plant at Morgan, N. J.—The Board approves the rebuilding of this plant, with the understanding that it will consist of eight units instead of thirteen; and also with the understanding that the plant will employ approximately 5,500 employees instead of 6,500 as heretofore. This reduction will eliminate the necessity of diverting labor from adjacent plants. The labor situation will be relieved to some extent by the proposed plan of bringing in a thousand enlisted men to work in the plant. This clearance is conditioned upon the acceptance of the safeties that were recommended by the Fire Prevention Section; and it is understood that they will not have such a storage of these high explosives as to endanger the copper refineries in the immediate vicinity.

Publicity—Press Reports Regarding Conditions in Washington.—Mr. Frayne suggested that reports regarding the conditions here in Washington should be censored so as to reflect the actual conditions rather than the distorted and exaggerated statements of some correspondent. He was requested to take this matter up with Mr. Swope.

793 *Construction—Naval Supply Base, Phillipsburg, N. J.*—The attention of the Board was called to the proposed construction of this Naval Supply Base at an estimated cost of three million dollars. Considering the shortage of labor and the general conditions within that congested district, the Board is not in favor of having this work proceed; and suggests that investigation be made as to the possibility of using the Waverly warehouse of the Steel Corporation. General Goethals stated that there may be some space available at the Terminal warehouse at the Port of Newark.

Organization.—The Board approved the appointment of Mr. Vernon Phillips as a member of the Steel Division to look after scrap.

The meeting adjourned at 11:00 A. M.

(Signed) H. P. INGELS, *Secretary.*

794 **Meeting of the War Industries Board held Tuesday, October 22, 1918, at 10:30 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; General Goethals; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Rêplogle; Mr. Ingels, Secretary; also Mr. Gerard Swope; Mr. Perkins; Mr. Herbert B. Swope; Mr. Ritchie.

Organization—Reading of the Minutes.—The minutes of the meeting held Thursday, October 17th, were read and approved.

Allied Purchases.—In order to check the orders placed covering the requirements of our Allies, Judge Parker stated that in no instances were they granted an automatic rating, but individual rating was applied to each order. The Board is in favor of this procedure.

Weekly Review—Circulation of.—It was decided that the circulation of the Weekly Review should be confined only to the various departments of the Government interested.

Wool—1919 Clip.—Based on the authority of General Goethals, it was decided that announcement would be made that the Government will take over the entire domestic clip of 1919.

Capital Issues Committee—Cooperation with.—Attention of the Board was called to several instances where the Capital Issues Committee has approved issuance of new securities where the manufacturers have taken it for granted that necessary priority would be furnished them in order that they might proceed with the con-
795 struction of additional facilities. Mr. Baruch stated that, in accordance with his letter of October 19th, addressed to the Capital Issues Committee, the procedure as now established provides that the Capital Issues Committee will not grant any approvals involving construction of new facilities, unless the same have been previously approved by the division or section of this Board interested.

Trade Meetings.—The following resolution outlining the method to be followed in calling trade meetings was submitted by Mr. Peek and approved by the Board:

Be it resolved, That—

1. Whenever any division or section of the War Industries Board desires information, for any reason, concerning an industry, the Chief of the Commodity Section of the War Industries Board at interest shall first be consulted to determine whether the section is able to supply the desired information.

2. Should it then prove advisable to call a meeting of the industry or representatives of the same, such meeting shall be called by the Chief of the Commodity Section at interest for such time and place as may be agreed.

3. Whenever any division or section of the War Industries Board receives from a member of an industry a request for a meeting of the trade, such request shall be referred to the Commodity Section at interest for such reply as may be advisable.

4. In the absence of a special section representing the industry, the above procedure shall be followed through the head of the Raw Materials Division or Finished Products Division, whichever may be concerned.

5. When the Chief of the Commodity Section has called such a meeting, he shall promptly notify the Secretary of the War Industries Board, giving full particulars as to its purposes, whereupon the Secretary of the Board shall notify all interested divisions and sections.

6. When the purposes of the meeting indicate an interest or need of attendance on the part of any division or section, other than the section in charge of the industry, such division or section shall obtain in advance, from the Commodity Section by whom the meeting is called, whatever information may already be at hand pertinent to the subject.

796 7. Prior to any instructions or notices of decisions being sent out applying exclusively to the industry at interest by any division, such instructions or notices shall be submitted to the Chief of the Commodity Section at interest for his review, and when desirable he shall subscribe as a party to the same.

Be it further resolved:

8. The War Industries Board hereby requests that the above procedure be adopted and definite instructions issued accordingly by all departments and bureaus of the Government among whom or in addition to whom shall be included:

Emergency Fleet and Shipping Board.
Railroad Administration.
Fuel Administration.
Food Administration.
War Trade Board.
Bureau of Industrial Housing.
U. S. Chamber of Commerce.

Materials for Overseas Forces.—Mr. Baruch asked the Army representatives to advise the Board of shortages of shipments of materials for our overseas forces so that every effort can be made to expedite deliveries, and stated that the War Industries Board would do anything within its power to aid in maintaining shipment of the necessary materials for our overseas forces.

Non-War Industries—Diverting Labor from.—In order to meet the labor requirements for war industries, the Board considers it necessary to divert labor from non-war industries. In order to institute a procedure for carrying out this program, Mr. Herbert B. Swope was requested to draft a letter to Mr. Nathan A. Smyth, Assistant Director General of the U. S. Employment Service, for Mr. Baruch's signature; and also Judge Parker stated that he would get out his list of non-war occupations to accompany said letter.

Badges for War Workers.—For the information of the Board, Mr. Frayne stated that the President has disapproved the issuance of badges for war workers.

797 *Steel—Proposed Construction of Blast Furnaces at Los Angeles, California.*—Based, first, on the objection of the Railroad Administration to the long haul of coke from New Mexico, which would necessitate furnishing a number of special coke racks for hauling the coke, and due to the probability of having the return from Los Angeles empty; and, second, because of the fact that the operation would in all probability not be begun inside of eighteen months, the Board disapproves this project as a war measure.

Steel—Proposed Production of Pig Iron at Dayton, Tennessee.—Mr. Replogle read a memorandum, dated from Colonel Richards, proposing to take over and rehabilitate two blast furnaces at Dayton, Tennessee, at an approximate expenditure of $400,000. In view of the fact that the use of the ore available would produce high phosphorus foundry iron, of which there is no serious shortage, it was recommended that Mr. Replogle address a memorandum to General Goethals suggesting that the War Department investigate the advisability of taking over these furnaces, and using same in connection wit hthe production of nitrates.

Guns—Proposed New Facilities at Midvale Plant at Philadelphia.—It is the opinion of the Board that in the interest of early deliveries, it will be advisable to approve the construction of the second extension of the gun plant of the Midvale Steel and Ordnance Company at Philadelphia. This was referred to Mr. Peek and Mr. Gerard Swope, with power to act for the Board.

The meeting adjourned at 12:20 p. m.

(Signed) H. P. Ingels,
Secretary War Industries Board.

798 **Meeting of the War Industries Board held Thursday, October 24, 1918, at 10:30 A. M., Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; General Goethals; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingles, Secretary; also Mr. Perkins, Mr. Gerard Swope, Mr. Ritchie.

Organization—Reading of the Minutes.—The minutes of the meeting held October the 22nd were read and approved.

Labor—Transfer of Labor from Curtailed Industries.—In order to prevent the employees being laid off because of the curtailment in industries before there is an opportunity of getting in touch with them or placing them in other war industries, it was agreed that Mr. Frayne would be advised when such curtailments are to be made so that he can get in communication with the representatives of the employees and with the Director General of the United States Employment Service, so that the employment bureaus and the Community Service Boards in the location where the men are laid off can arrange for their being placed in other positions at once, thereby avoiding the loss of man-power and preventing discontent.

Labor—Cooperation of Labor Representatives with the United States Employment Service.—For the information of the
799 Board, Mr. Frayne stated that he had a conference with Mr. Alpine, Acting President of the American Federation of Labor; Mr. Morrison, Secretary of the American Federation of Labor; Mr. Donlin, President Building Trades Department; and Mr. Woll, Acting Chairman of the Committee on Labor during Mr. Gompers' absence; Mr. Smyth, the Assistant Director General, United States Employment Service; and Miss Scott, Assistant to Mrs. Neale of the Woman's Division of the Employment Service, at which time it was agreed that the Labor organizations throughout the country, through their central bodies and trade councils, would cooperate in every possible way with the local employment service bureaus and community boards.

Nitrates—Contract with the Chilean Government.—Mr. Baruch stated that the plan for closing a new contract with the Chilean Government was progressing satisfactorily. He requested a letter from General Goethals to the effect that the War Department wants a certain quantity of nitrate.

Allied Purchases.—As a result of the discussion regarding the requests received by the Army from the Allies, it was decided that all such requests for purchase of materials in the United States should be referred to the Purchasing Commission for the Allies.

Child Labor.—Mr. Peek called the Board's attention to the attitude of some of the southern cotton mills regarding the clause in the Army contracts affecting child labor. In many instances
800 they are refusing to accept contracts, and are inviting commandeering orders which contain no such restrictions. It is understood that Mr. Scott and Mr. Turner will call a meeting of the committees representing the southern mills for the purpose of obtaining voluntary agreement on their part to abide by the rulings covering child labor in civilian as well as Government contracts.

Shipping—Priority in Construction.—The Board is of the unanimous opinion that all ship construction should be controlled by priority. General Goethals stated that he would take this matter up at the next meeting of the Priorities Board.

The meeting adjourned at 11:15 A. M.

(Signed) H. P. Ingels, *Secretary.*

801 **Meeting of the War Industries Board held Tuesday, October 29, 1918, at 10:30 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Legge, Vice Chairman; Admiral Fletcher; General Goethals; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Perkins, Mr. Gerard Swope, Mr. H. B. Swope, Mr. Ritchie.

Organization—Reading of the Minutes.—The minutes of the meeting held Thursday, October 24th, were read and approved.

Labor—Establishment of Military Zones around Plants doing Government Work.—Mr. Frayne stated that there have been a number of instances brought to his attention where production has been seriously affected as a direct result of saloons being located adjacent to the plants. General Goethals stated that it would be a simple matter to control Government-owned plants. Considering that it will be necessary to receive the cooperation of the Army, Navy, and Shipping Board in order to establish military zones around all of the plants doing Government work, it was decided to take up each case individually with the Department interested.

802 *Organization.*—Mr. G. N. Peek is given authority to approve appointments and increases in salary of employees of the War Industries Board.

Steel—Protection of Manufacturers Against Non-Payment in Instances where Allocation is made to Companies not Financially Responsible.—Mr. Replogle called the Board's attention to a number of instances where allocation of pig iron and steel has been made to companies of poor financial standing, and where the manufacturer has requested protection against loss due to nonpayment. It was the consensus of opinion that some method should be developed for affecting such protection. Mr. Replogle was requested to take this matter up with Judge Ritchie.

Child Labor.—At the meeting of the Board held October 24th, attention was called to the attitude of some of the southern cotton mills toward the clause in the Army contracts affecting child labor, at which time it was stated that in many instances they were inviting commandeering orders, under the terms of which it was stated there are no restrictions covering child labor. Mr. Swope stated that the

mandatory orders now being issued by the War Department have incorporated in them a clause covering child-labor restrictions. Based upon this understanding, it was decided not to take any further action unless developments warrant it.

803 *Brass—Shortage of.*—Based upon the reported acute shortage, particularly of sheets and tubes, it was understood that Mr. Peek would furnish the Chairman with the facts regarding the reported shortage, and if it is developed that there is an acute shortage, Mr. Baruch will address letters to the Secretary of War, the Secretary of the Navy, the Chairman of the Shipping Board and the Director General of Railroads, urging them to issue instructions to their respective Departments to reduce where possible the use of brass, particularly sheets and tubes, either by conservation or substitution.

Curtailed Industries.—The question was raised as to what course should be pursued where the allotment of a curtailed plant will not permit it to fill war orders which it has on its books, or take new war orders, especially where its prices are less than those of its competitors who can fill such orders without exceeding their allotment of materials. This matter was referred to Judge Parker with power to act for the Board.

The meeting adjourned at 11:30.

(Signed) H. P. INGELS, *Secretary.*

804 **Meeting of the War Industries Board held Thursday, October 31, 1918, at 10:30 A. M., Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Admiral Fletcher; General Goethals; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Gerard Swope, Mr. Perkins, Mr. Ritchie.

Organization—Reading of the Minutes.—The minutes of the meeting held Tuesday, October 29th were read and approved.

Badges for War Workers.—Mr. Frayne again called the Board's attention to the numerous requests that are being received to have an official badge for war workers authorized by the Government. He was requested to take this matter up with the Secretary of War, Mr. Baker; the Secretary of the Navy, Mr. Daniels; the Chairman of the Shipping Board, Mr. Hurley; and the Fuel Administrator, Mr. Garfield; and if they are in favor of having this done, Mr. Baruch stated that he would bring this to the attention of the President, at the meeting to be held at the White House on November 6th.

Cancellation of contracts.—There was presented a memorandum dated October 23rd, from Mr. Spencer Turner, requesting an expression of opinion as to the policy the various purchasing

805 divisions of the Government will establish in regard to the cancellation of contracts, at such time as military operations may cease. The Secretary was instructed to address letters to the purchasing divisions of the Government, viz. the War Department, the Navy Department, the Railroad Administration, and the Shipping Board, requesting a statement from them as to what policy they propose to establish.

Steel.—Mr. Replogle called the Board's attention to the request from the British Government to reduce their order for one million tons of pig iron to five hundred thousand tons. It is understood that he will confer with the British War Mission, for the purpose of protecting American manufacturers to the extent of having England take their full tonnage of steel ordered by them whether peace comes or not.

The meeting adjourned at 12:30.

(Signed) H. P. INGELS, *Secretary.*

806 **Meeting of the War Industries Board held Thursday, November 7, 1918, at 10:30 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Admiral Fletcher; General Goethals; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Perkins, Mr. Ritchie, Mr. Gerard Swope, Mr. Herbert B. Swope.

Organization—Reading of the Minutes.—The minutes of the meeting held Thursday, October 31st, were read and approved.

Cancellation of Contracts.—A memorandum dated November 5th, signed by Major General George W. Goethals, regarding the steps taken by the War Department in connection with the termination of contracts in the public interest, was submitted to the Board, and it was the unanimous opinion that the same should be issued in the form of a public statement.

The meeting adjourned at 12:15 P. M.

(Signed) H. P. INGELS, *Secretary.*

807 **Special Meeting of the War Industries Board held Friday, November 8, 1918, at 10:30 A. M., Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Perkins, Mr. Ritchie, Mr. Gerard Swope, Mr. H. B. Swope.

Organization—Minutes of the Meeting.—The minutes of the meeting held Thursday, November 7th, were read and approved.

Cancellations of Contracts.—The question of working out a plan of procedure for handling cancellations of contracts and proposed reductions in requirements was referred to Mr. Peek, Judge Parker, and Mr. Gerard Swope, with power to act for the Board.

Practically the entire time of the meeting was taken up with an open discussion regarding the establishment of a policy in regard to the cancellations of contracts as a result of the signing of an armistice, or for the purpose of balancing the program; also regarding the readjustment of industries that will follow an armistice. As a result of this discussion, the following statement was approved by the Board and ordered made public:

808 For some time to come, assuming the armistice will be signed, for a period to be determined by the war-making agencies of the Government, Government contracts must continue on a wide scale. This circumstance applies to a considerable share of present contracts.

As the demand for raw materials is lessened by the reduction of war requirements and the cancellation of war contracts, if and when such cancellation be made, the raw materials so made available will be released and allocated by the War Industries Board for use in supplying civilian and export demands, which through curtailment have been held in check during the war. In addition to the ordinary commercial requirements, there will be a heavy flow of materials thus released to supply the demand for the great reconstructional work required by the European countries.

At the same time there is to be a gradual lifting of the restrictions and curtailments that have been imposed upon industry by the exigency of the war so as to allow as promptly as possible free flow of all supplies into peace channels.

The War Industries Board will continue to exercise its functions until the peace treaty is signed, to the end that the readjustment of the matters on which it has been acting may be made in as orderly a manner as possible.

A committee named by the President has been and is at work to devise the best mechanism of bringing about the adjustments from a war to a peace basis. The report of the committee may take the form of suggested legislation.

The whole effect of the readjustment plans will be to the end of bringing about necessary changes with as little dislocation as possible and the full opportunity for all to benefit, as in the past, by the individual ingenuity, vision, and fair dealing.

The meeting adjourned at 1:15 P. M.

(Signed)

809 **Meeting of the War Industries Board, held Tuesday, November 12, 1918, at 10:30 A. M., Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Admiral Fletcher; General Goethals; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Ritchie, Mr. Gerard Swope, Mr. H. B. Swope.

Organization—Reading of the Minutes.—The minutes of the meeting held Friday, November 8th were read and approved.

Belgian Relief.—Mr. Baruch read a letter from Mr. Hoover dated November 9th, stating that the Commission for Relief in Belgium is about to make purchases of clothing and other needed supplies, mostly of cotton, wool, and leather, in which the cooperation and assistance of the War Industries Board was requested, and asking that such requirements be given equal priority to those granted for the war needs of the United States of America and the other Allies. It is the unanimous opinion of the Board that this should be done.

Organization—War Industries Board Representative on the Commission for Relief in Belgium.—Mr. G. N. Peek, Commissioner of Finished Products was appointed representative of the War Industries Board on the Commission for Relief in Belgium.

810 *Cancellation of Contracts—Procedure for Handling Cancellation.*—The following plan of procedure for handling cancellations, as agreed upon with the Army, was submitted by Mr. Peek and approved by the Board:

REDUCED REQUIREMENTS

To All Section Heads:

1. Herewith attached, marked "A", copy of the procedure that has been agreed upon with the Army on the above subject.

2. You will note it is clearly the intention that the Commodity Sections shall continue to be the point of contact with organized industry. The recommendation of the Commodity Section is required before the Government purchasing agency proceeds with final negotiations for reducing requirements, in order to insure the best method of handling the reductions, considering the stability of all industries and localities.

3. It must be borne in mind that, although the Commodity Sections will in every way assist by making recommendations, as explained in the preceding paragraphs, *it is not proposed that the War Industries Board participate in negotiations or share in the responsibility for the details of the financial adjustment with contractors in such matters as disposition of raw materials on hand, damages, depreciation, etc.*

(For your information, however, we attach, marked "B" memorandum as to the steps taken by the War Department in this matter.)

4. Notwithstanding the definite distinction that has been made between the cancellations that require the concurrence of the War Industries Board, and those that do not require such concurrence, it is not the intention to preclude the possibility of the Government procurement departments obtaining assistance of the War Industries Board Commodity Sections, whenever they can be of service, as explained in paragraph 2.

5. The Section Chiefs will be charged with the responsibility of notifying other sections of the War Industries Board of recommendations that may involve other contracts for component parts, and also of furnishing the Executive Secretary of the Requirements Division with proper data in order that the necessary records may center in one place.

6. Where there is an opportunity to discriminate between cancellations in various localities, the Section Chief will secure the approval of the
811 Director of Facilities before finally clearing the reduction or cancellation, in order that each locality may be protected, so far as possible, from an unnecessary number of cancellations at one time. In order that the Director of Facilities may have up-to-date information at all times, the Executive Secretary of the Requirements Division will notify him of all cancellations or reductions in such detail as he may require.

7. Whenever the Commodity Section, for any reason, deems it desirable that the transaction be considered in conference between the head of the department in which it originates and the Chairman of the War Industries Board, the matter will be immediately called to the attention of the Chairman.

8. Records of meetings and reports of Commodity Sections will be rendered as heretofore.

G. N. PEEK,
Acting Vice Chairman, War Industries Board.

It is understood that clearance by this Board will carry a statement to the effect that the Department of Labor has been notified of such cancellation. This was in accordance with the request of General Goethals, so as to avoid the necessity of having the Army obtain two clearances. In order to intelligently handle reductions or cancellations, it is the opinion of the Board that it is necessary to have the absolute cooperation of all the departments, and that the same procedure be followed by each Department. Copies of this plan were sent to the Navy Department, Railroad Administration, and Shipping Board, with a letter from Mr. Baruch requesting their cooperation.

The meeting adjourned at 12:15 P. M.

(Signed) H. P. INGELS, *Secretary.*

WAR DEPARTMENT,
PURCHASE, STORAGE, AND TRAFFIC DIVISION, GENERAL STAFF,
Washington, November 9, 1918.

Supply Circular Number 112.

INSTRUCTIONS TO SUPPLY BUREAUS OF THE ARMY ON REDUCTION AND CANCELATION OF CONTRACTS

1. In order to avoid a chaotic condition in industry and labor if contracts are suddenly reduced, suspended, or canceled, it is desired to secure the advice and assistance of the War Industries Board. To that end the following procedure will be followed:

1. The Office of the Director of Purchase, Storage, and Traffic, as in the past, will have charge of all relations between the War Department and the

War Industries Board on all reductions, suspensions, or cancelations of contracts.

2. No purchase contracts for articles on the clearance list as set forth in Supply Circular No. 82, and no orders placed in the congested district, will be reduced, suspended, or canceled without the Approval of the Office of the Director of Purchase, Storage, and Traffic. The foregoing does not apply to orders placed after October 1, 1918. Notice of such reduction, suspension, or cancelation, to be given, however, to the Office of the Director of Purchase, Storage, and Traffic at the same time.

3. Complete cancelation of all orders in an industry for a product may be made in all places at the same time without first obtaining the approval of the Office of the Director of Purchase, Storage, and Traffic, but notice of such intention must be given to the Office of the Director of Purchase, Storage, and Traffic in advance of such action.

4. The approval of the Office of the Director of Purchase, Storage, and Traffic is required for reduction, suspension, or cancelation of orders for articles not on the clearance list or for orders not placed in the congested districts where the amount of the reduction, suspension, or cancelation exceeds $100,000.00.

PROCEDURE ON REDUCTIONS, SUSPENSIONS, OR CANCELATIONS REQUIRING THE APPROVAL OF THE OFFICE OF THE DIRECTOR OF PURCHASE, STORAGE, AND TRAFFIC

5. Where it is desired to reduce, suspend, or cancel contracts for articles as specified in Sections 2 and 4 above, each procuring bureau will first prepare a schedule showing for each unfilled contract for the article in question the following:

1. Firm Address.
2. Location of factory.
3. Type of contract.
4. Unit price.
5. Present rate of delivery to be canceled.
6. Total quantity in order.
7. Amount accepted.
8. Balance due.
9. Recommended quantity.

6. Four copies of the above schedule will be submitted to the External Relations Branch, Division of Purchase, Storage, and Traffic. Two copies will be routed to the appropriate section of the War Industries Board, one copy to the Army Commodity Chairman, and one copy retained in the files of the Branch.

7. The Commodity Sections of the War Industries Board will forthwith either approve the reductions of orders recommended by the procuring bureau or will modify the proposed reductions either as a whole or in individual cases, having in mind:

(a) the effect of the proposed cancellations on the industry.
(b) the effect on the given locality.
(c) the effect on the given contractor.

The action of the commodity section of the War Industries Board will be noted on the two schedules submitted to it, one of which will be returned immediately to the External Relations Branch. The External Relations Branch will note action of War Industries Board on its file copy, returning original schedule to the procuring bureau.

8. Unless advised to the contrary, the War Industries Board and the Division of Purchase, Storage, and Traffic will act on the assumption that cancellations authorized as above are immediately put into effect.

PROCEDURE ON CANCELLATIONS NOT REQUIRING THE APPROVAL OF THE OFFICE OF DIRECTOR OF PURCHASE, STORAGE, AND TRAFFIC

9. Procuring Bureaus will keep records of reductions, suspensions, or cancellations of contracts, not requiring the approval of the Office of the Director of Purchase, Storage, and Traffic, so that information in regard to such contracts may be promptly prepared from time to time as called for by the Office of the Director of Purchase, Storage, and Traffic.

By Authority of the Secretary of War:

GEO. W. GOETHALS,
Major General, Assistant Chief of Staff,
Director of Purchase, Storage, and Traffic.

Request for concurrence of War Industries Board in cancellation of orders for: (Article)_____

To: Purchase, Storage & Traffic Division
From:

P. S. & T. No.
Bureau No.
Date.

Name & Address of Firm	Location of Factory	Type of Contract	Unit Price	Present Rate of Delivery	Total Quan. of Order	Quantity Accepted	Balance Due	Recommended Quan. to be Cancelled	Concurrence of War Industries Board
			Totals						Certified

Bureau Signature_____

WAR DEPARTMENT,
PURCHASE, STORAGE, AND TRAFFIC DIVISION, GENERAL STAFF,
Washington, November 9, 1918.

Supply Circular
No. 111

Subject: Termination of Contracts and Orders in Public Interest.

1. Whenever the appropriate officers of the Government determine that it is necessary, in the public interest, to terminate in whole or in part, a contract or a purchase or procurement order for materials or supplies, such termination shall be effected as herein directed.

2. Whenever such contract or order expressly provides that it may be terminated in the public interest, termination may be effected only in accordance with such provisions, unless it shall be in the public interest to terminate it in accordance with the provisions of this Circular and the parties shall agree thereto.

3. Whenever such contract or order does not expressly provide that it may be terminated in the public interest, the contractor, if the public interest so requires, shall be requested to suspend work thereunder, in whole or in part, and to supply promptly a report under oath showing in detail the following information insofar as applicable:

(1) Raw materials on hand: Cost plus inward handling charges plus such portion of overhead as is directly applicable.

(2) Partly finished products on hand: Cost of raw material and labor, plus such portion of overhead as is directly applicable.

(3) Finished products on hand: Contract price, less freight charges if the contract or order specifies delivery at point other than factory.

(4) Special facilities: Cost of facilities specially provided and paid for by the contractor for the performance of the contract, the necessity of which was contemplated at the time the bargain was made and the cost of which was included in the contractor's original estimate. From the cost of such facilities deduct their fair value at the time the contract or order is terminated and state such portion of the remainder as is represented by the ratio of the uncompleted portion to the whole contract or order.

(5) Commitments: The contractor's commitments to suppliers, subcontractors, and others for contributing materials or work, to be determined, insofar as applicable, in the same manner as indicated in (1), (2), (3), and (4).

If the contractor claims additional compensation by reason of any other item or items, he may add such item or items, together with a detailed statement of the facts on which his claim is based.

4. Unless otherwise directed by the Chief of the Bureau, the contractor shall be requested to suspend work and shall not be given notice of cancellation. If a notice of cancellation is given, the contracting officer of the Government loses his power to enter into a supplemental agreement with the contractor.

5. No allowance will be made for prospective profits; provided, however, that with the consent of the Chief of the Bureau an allowance of not more than 10% of the cost of partly finished products on hand may be allowed.

6. If agreement is reached on a just and reasonable compensation to be paid to the contractor by reason of the suspension and termination of the contract or order, such agreement shall be embodied in a supplemental contract which shall set forth the agreed compensation and shall provide in specific terms that it constitutes full and final settlement of all questions and claims growing out of the original contract or order. Such supplemental contract shall also provide that all raw materials, partly finished products, and finished products on hand shall become the property of the United States, unless and to the extent that the parties agree that such materials and products shall remain the property of the contractor, in which event the Government shall be credited with the agreed value of the same.

7. Each such supplemental contract shall provide that it shall not become a valid and binding obligation of the United States until it has first been approved by the Board of Contract Review of the supply bureau affected.

8. The Chief of the Bureau may direct that no such supplemental contract, or no such supplemental contract providing for payment in excess of a specified sum, shall be executed by the contracting officer unless first approved by the Chief of the Bureau.

9. Attention is directed to General Order No. 103, November 6, 1918, creating the Board of Contract Adjustment and empowering such Board to hear and determine all claims, doubts, and dispures, including all questions of performance and nonperformance, which may arise under any contract made by the War Department in instances in which the contractor and the contracting officer have been unable to agree.

10. This Circular applies solely to the termination of contracts or orders, in whole or in part, in the public interest and does not affect the right of the Government to cancel a contract or order by reason of the contractor's default, which subject is left to be determined by the provisions, if any, of the contract or order and the principles of law applicable thereto.

By authority of the Secretary of War:

GEO. W. GOETHALS,
Major General, Assistant Chief of Staff,
Director of Purchase, Storage, and Traffic.

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812 (*See* Purchase, Storage & Traffic Division Supply Circular #112)

813 NOVEMBER 14, 1918.

WAR INDUSTRIES BOARD,
Amembassy, Paris, France:

Baruch for Legge, Summers. Your three five nought nine (3509) November eight twelve A. M. London. Our policy at present is to make no change in maximum prices. Suggest if any purchases to be made for foreign account we should know amounts immediately, otherwise production which has been tremendously simulated will be relaxed and it may be impossible to get materials that are wanted. Obtain all information possible regarding reconstruction and materials situation.

Cancellation of Contracts—Procedure for Handling Cancellations.—Mr. Gerard Swope called attention to the attached Supply Circular #114 interpreting Circular #112, which was incorporated in the plan of procedure for handling cancellations as submitted by Mr. Peek at the meeting of November 12th, and approved by the Board.

Priority.—Judge Parker suggested for consideration the advisability of revoking all priority orders save those covering Emergency Fleet, Railroad, and certain classes of Navy Department orders, also those having to do with foods and feeds, mines, and oil-well supplies; and from time to time, as occasion may require issue priority certificates covering specific orders which should in the public interest be expedited. After full discussion and consideration General Goethals stated that it would be agreeable to the War Department for all priority directions covering that Department's orders to be cancelled and the course suggested pursued. Judge Parker was requested to confer with the Navy Department and others interested and take such action as his judgment might dictate.

814 The meeting adjourned at 12:30 P. M.

(Signed) H. P. INGELS, *Secretary.*

815 SUPPLY CIRCULAR NO. 114

WAR DEPARTMENT,
PURCHASE, STORAGE, AND TRAFFIC DIVISION, GENERAL STAFF,
Washington, D. C., Nov. 13, 1918.

Subject: INTERPRETATION OF SUPPLY CIRCULAR No. 112.

1. In connection with Supply Circular No. 112, several questions have been asked in regard thereto.

2. Facilities as well as supplies are covered by Supply Circular No. 112, and the conditions and limitations of reduction, suspension, or cancellation in each of the various paragraphs applies to facilities as well as supplies, and to act intelligently on such request for reduction, suspension, or cancellation of contracts for facilities, the following information should be furnished:

(1) Location of new facility.
(2) Purpose of such facility.
(3) Final estimate of cost.
(4) Cost to date.
(5) Percentage of completion.
(6) Number of laborers employed at this date (*a*) Skilled; (*b*) Unskilled.
(7) Reason for cancellation.
(8) Recommendation of method of suspension and number of men that will be released.

3. In reference to Paragraph 4 of Supply Circular No. 112, any orders placed subsequent to October 1st may be reduced, suspended, or cancelled without approval of the office of the Director of Purchase, Storage, and Traffic.

4. In the case of contracts and orders for supplies or facilities, when the unfilled portion of such contract is less in amount than $25,000, reductions, suspensions, or cancellations may be made under such regulations as the Chiefs of Bureaus may establish, without reference to the office of the Director of Purchase, Storage, and Traffic. Such regulations established by the Chiefs of Bureaus must, however, take into account that such cancellations and reductions are made without disturbance of labor conditions.

5. When the contractor is willing to terminate contract or order for supplies or facilities, and states in writing that such termination will not be accompanied by disturbance of labor in his plant, the contract or order may be terminated without reference to the office of the Director of Purchase, Storage, and Traffic, wherever the location of the work or whatever the nature of the article. In case the amount of the unfilled contract or order exceeds $100,000, a report of such action shall be made to the Office of the Director of Purchase, Storage, and Traffic.

6. Notice should be given to the various contractors who are working on Government orders that no new labor should be engaged on such orders, even to replace labor that has left their employ, without the approval of the procuring office.

7. No new contracts shall be placed by contractors on supplies, or with subcontractors without the approval of the procuring office.

8. Contracts on which work has not been begun or commitments made may be suspended without reference to the Office of the Director of Purchase, Storage, and Traffic.

BY AUTHORITY OF THE SECRETARY OF WAR:

GEO. W. GOETHALS,
Major General, Assistant Chief of Staff,
Director of Purchase, Storage, and Traffic.

(*See* Purchase, Storage & Traffic Division Supply Circular #114.)

816 **Meeting of the War Industries Board held Tuesday, November 19, 1918, at 10:30 A. M., in Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Admiral Fletcher; General Goethals; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Ingels, Secretary; also Mr. Perkins, Mr. Gerard Swope, Mr. H. B. Swope.

Organization—Reading of the Minutes.—The minutes of the meeting held November 14th were read and approved.

Cancellation of Contracts.—After a lengthy discussion as to the responsibility for, and the method of handling cancellations, the understanding of the Board was expressed by Mr. Baruch, as follows:

The responsibility for the cancellation of contracts must rest with the Departments, who simply notify us of the intention to cancel the contract, reserving to themselves the right to cancel, but asking us—particularly where there are several localities involved—as to the wisdom of cancelling in this or that locality, and at the same time expecting that the W. I. B. should give to them any advice or suggestions that it may think wise or proper; and that when this notification of the intention to cancel comes to the W. I. B., it will go to a division on which there sits a representative of the Labor Department who will be able thus to get the information, based upon which he will advise of the effect of such cancellation on the labor situation. The Departments, in turn, will then use their judgment as to the cancellation of the contract on the information received from the W. I. B.

and concurred in by General Goethals, as follows:

817 That is what the circular says, and that is what the circular provides. The whole responsibility is ours. You, having had a general view of the industrial relations, the labor conditions, and having set up this machinery, are best able to advise us so that we will disturb conditions the least possible.

Controlled Industries—Lifting of Regulations and Restrictions.—Before entirely lifting the present regulations and restrictions governing certain industries, it was thought best that these industries should be permitted, if they desire, to have hearings before the Division of the Board responsible for the placing of such curtailments. Mr. H. B. Swope was requested to get out an executive order and Mr. Peek to issue the necessary instructions to the Directors of the Divisions and the Chiefs of Sections.

Curtailed Industries—Building Trades.—It is understood that the restrictions would be lifted from this industry as of December 15th, 1918, with the understanding that Mr. Humphrey, Chief of the Building Materials Section, would grant any hearings to the members of the building materials trade that he should deem advisable.

Demobilization.—Judge Parker read the following telegram from Swift Company, requesting the demobilization of certain of their men now in service:

We have had inducted into the service approximately eight thousand men, or one-sixth of our entire force of male and female help. In peace time this would seriously handicap us in handling our business, but due to war-time demands and change in working hours of our employes from a ten to an eight-hour day we are extremely short of help in all departments. Our business during the war has been enormous, but beginning at once and for the next year or two will be very much greater, because the packing industry must supply not only the American and Allied military and civil requirements but in addition the urgent needs of countries such as Austria, Servia, Russia, and in fact practically all of Europe. We expect receipts of livestock for the next few months to be approximately twenty percent greater than last year. To enable us to handle this increase because of the skilled nature of packing-house work, it is imperative that there be returned to us immediately our former employes, because men possessing their experience are not to be found in the labor market. We understand that packing-house employes were not classified as such but as meat workers, shipping clerks, etc. This classi-

818 fication would of course include retail butchers and shipping clerks of dry-goods concerns, etc. We suggest a good way to handle would be to release all packing-house employes who formerly worked in packing houses participating in government allotments. We have prepared a list of our employes in the service and their military designation, and no doubt other packers can do likewise.

SWIFT AND CO.,
Per G. F. SWIFT, Jr.

After some discussion of the plan of demobilization as now proposed to be followed by the Army, Mr. Baruch, Mr. Peek, and Mr. Frayne were requested to confer with the Secretary of War, for the purpose of seeing if the plan could not be modified to the extent of giving more consideration to the requirements for labor of various industries, and with the possibility of having the men mustered out of their local boards rather than at the camps.

The meeting adjourned at 12:30 P. M.

(Signed) H. P. INGELS,
Secretary.

819 **Meeting of the War Industries Board held Thursday, November 21, 1918, at 10:30 A. M., Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Admiral Fletcher; General Goethals; Mr. Frayne; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Perkins, Judge Ritchie, Mr. Gerard Swope, Mr. H. B. Swope.

Organization—Reading of the Minutes.—The minutes of the meeting held Tuesday, November 19th, were read and approved.

Demobilization.—The following letter signed by Mr. Baruch was sent to the Secretary of War, outlining the Board's position as regards the proposed plan of demobilization decided upon by the War Department:

NOVEMBER 21, 1918.

Honorable NEWTON D. BAKER,
Secretary of War, Washington, D. C.

MY DEAR MR. SECRETARY: As you know, the War Industries Board have favored the demobilization of the Army industrially and through Mr. Peek and Mr. Frayne have presented their views to you. Until the recent order, I had presumed this would be accomplished, as I had been consulted by the representative of the War Department, who had asked us to be prepared to determine for them the priority of labor that would be required in industrial readjustment.

I understand that if any given number of employees of an industry can be located in one body, that you will reconsider your present method of demobilization.

820 In case an industry could furnish you a list of their employes in the service and their military designation, would it be possible to give any relief?

Your very truly,

——— ———,

BMB—MS.

Prices—Maximum Prices.—For the information of the Board, Mr. Baruch stated that it had been decided that maximum prices on cotton goods will not be renewed, and that, in general, after the present agreements expire, the price control will be lifted, unless its continuance is considered necessary.

Shipping—Control of.—Based on the shortage of tonnage, and considering the large demands of the Food Administration and others, the Board again expressed itself as being unanimously in favor of a central control of all shipping, so that ships could be allocated where needed most.

The meeting adjourned at 11:30 A. M.

(Signed) H. P. INGELS, *Secretary.*

821 **Meeting of the War Industries Board held Tuesday, November 26, 1918, at 11 A. M., Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Admiral Fletcher; Mr. Frayne; Mr. Peek; Mr. Replogle; Mr. Brookings; also Mr. Perkins; Judge Ritchie; Gerard Swope; H. B. Swope; H. S. Edgerly, Assistant Secretary.

Special Note.—The meeting of the Board was delayed half an hour later than usual because of the ceremonies attendant upon the presentation to the Chairman of a loving cup bearing the following inscription:

To Bernard M. Baruch, Chairman of the United States War Industries Board, as a token of confidence and affection, from the Members of the organization which, under his leadership, aided in the winning of the war, Washington, D. C., 25th of November 1918.

Organization—Reading of the Minutes.—The minutes of the meeting held Thursday, November 21st, were read and approved.

Cancellation of Contracts.—A general discussion was held as to the probable effect upon industry of the cancellation of contracts, as to whether a readjustment to a peace basis would be completed better by a prompt cancellation in all cases where the materials manufactured under the contracts could not be used for peace purposes or whether it would be best to permit such contracts to run along for a time. In course of the discussion, consideration was given to the probable effect upon labor, especially as labor might be affected
822 by the plans to be put in force by the War Department for demobilization of the Army.

Nitrate.—Mr. Gerard Swope stated that on account of the large amount of nitrate available—there being at the present time about 425,000 tons in the United States and 435,000 tons still to come—he felt that the War Department could sell to users of fertilizer, all nitrate that they would need during the coming year. Mr. Baruch suggested that before any definite policy is established in regard to this nitrate that Mr. Swope have a talk with the Secretary of War.

The meeting adjourned at 12:30 P. M.

(Signed) H. P. INGELS,
Secretary.

823 **Meeting of the War Industries Board held Tuesday, December 3, 1918, at 10:30 A. M., Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Admiral Fletcher; General Goethals; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Gerard Swope; Mr. Ritchie.

Organization—Reading of the Minutes.—The minutes of the meeting held Tuesday, November 26th, were read and approved.

Nitrates.—For the information of the Board, Mr. Gerard Swope stated that he had had an interview with the Assistant Secretary of War, Mr. Benedict Crowell, and there would be no change in the policy covering the sale of nitrates held by the War Department. He was requested to informe Mr. Chase, Director of the Explosives Division, of the exact tonnage to be disposed of by the Government.

Prices—Agreements of Industries Covering the Prices, Curtailments of Production, or Pooling.—It was agreed as the policy of the Board that the War Industries Board, and its several Divisions or Sections, should not give approval to agreements of industries for the curtailment of production of for pooling in other forms, or for agreements covering prices unless in exceptional cases involving special conditions, and brought in each case before the Board for consideration and decision.

824 *Materials Held by Departments.*—Mr. Gerard Swope called attention to a letter from the President to the Secretary of War regarding the disposition of raw materials held by the various Departments, asking that the War Industries Board furnish a list of raw materials. Based upon the understanding of the Board that the Departments will hold certain raw materials, until a sufficient market develops, in order to avoid competition with the industries, Mr. Swope was requested to address an official communication regarding the matter to Mr. Baruch for his consideration and reply.

The meeting adjourned at 11:20 A. M.

(Signed) H. P. INGELS, *Secretary.*

825 **Meeting of the War Industries Board held Tuesday, December 10, 1918, at 10:30 A. M., Room 909, C. N. D. Building**

Present: Mr. Baruch, Chairman; Mr. Brookings; Mr. Peek; Judge Parker; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Ritchie, Mr. Clark.

Contracts—Status of Informal Contracts.—It is the unanimous opinion of the Board that informal contracts given either verbally or by letter should be legalized, and that the payment of money for the same be legalized, and that the fact that a manufacturer accepted such orders and proceeded to produce materials without waiting for the formal contracts to be drafted and signed should certainly entitle him to enjoy the same privileges and protection as the manufacturer who may have delayed production by waiting for the formal contracts to come through. This matter was referred to Judge Parker and Mr. Ritchie for their review and recommendation.

Organization—Resignation of Mr. Baruch.—Mr. Baruch sent in his resignation as per the following letter, dated November 29, 1918,

addressed to the President. It was accepted effective January 1st, 1919, as per the following letter, dated November 30th, from the President addressed to Mr. Baruch.

826 *Organization—Liquidation of the War Industries Board.*—Mr. Peek and Judge Ritchie were requested to work out a plan for liquidating the Board and present the same at the next meeting.

Wool—Disposition of Government-Owned Wool.—Mr. Baruch called the Board's attention to a letter signed by General Goethals, dated December 6th, 1918, regarding the best method to be followed in disposing of the Government-owned wool. After some discussion the following letter signed by Mr. Baruch was addressed to General Goethals, outlining the Board's position in the matter.

The meeting adjourned at 12:45 P. M.

(Signed) H. P. INGELS, *Secretary.*

827 NOVEMBER 29, 1918.

MY DEAR MR. PRESIDENT: The main function of the War Industries Board was to obtain the materials required for carrying out the military program of the United States and the Allies, with as little dislocation of industry as possible. To do this it was necessary in some instances to restrict nonwar production and to fix maximum prices. With the signing of the armistice and the consequent cancellation of contracts, there was no longer a shortage of materials, and the War Industries Board immediately removed its curtailments. In like manner the necessity for maximum prices is disappearing, except in a few isolated cases which can best be regulated through the War Trade Board.

The facilities of the War Industries Board have been put at the disposal of the various contracting agencies of the Government, such as the War and Navy Departments and the Shipping Board, to aid them whenever they so desire in their consideration of the cancellations of their contracts. This particular function soon will have been completed.

Those activities of the War Industries Board which have lasting value are being transferred to permanent departments of the Government, where they may be carried forward. Thus, the Department of the Interior, Bureau of Mines, in which you have vested authority to enforce the War Minerals Act, has already assumed control over many of the former activities of this Board; the conservation program is about to be undertaken by the Department of Commerce; and the Central Bureau of Planning and Statistics will become a bureau to serve all departments of the Government.

I venture to suggest that the various commodity heads of the War Industries Board, and those who have been associated with them, may in the years that are to come render much valuable assistance as Trade Advisors to the Department of Commerce and the War Trade Board. I hope that in this and in other ways it may be found possible to continue the promotion of a better understanding between the Government and industry (including in this term employers and employees alike) so that problems affecting all may in times of peace be approached in the same spirit of helpful cooperation that has prevailed during the period of the war.

I feel sure that the business men who have been acting as commodity heads will, if requested, be willing to remain here or be subject to call if they can be of service to the departments or other Governmental agencies as points of contact between them and industry.

There being no longer a necessity for the continuance of the War Industries Board, which was only a war-making body, and it being your desire to avoid the incurring of expense for a moment longer than necessary, I am writing to suggest that the United States War Industries Board be discontinued as of January 1st, 1919, and I am now placing my resignation as Chairman in your hands for whatever action you may desire. Between now and then the industries still under regulations will be called into conference, so as to obtain

828 their views and their help as to the best methods of smoothly adjusting the business life to the changed conditions.

I cannot close without expressing to you my sincere appreciation and that of my associates for the oportunity you have given us to work with you in the great task that was set before you, and which has been brought to such

a successful termination. As a matter of duty and pride, I should like again to call your attention to the valuable services performed by my associates, and by the War Service Committees of the various industries which cooperated with them. To their untiring efforts and unselfish devotion were largely due whatever results the War Industries Board has been able to attain. Each and every one worked in a spirit that made great personal sacrifices seem a privilege and not a burden. In order that a permanent record may be made of their unselfish service, I shall ask the privilege of forwarding to you a list of the members of the Board, of those associated with them, including Regional Advisors, War Service Committees, and State Councils of National Defense. I should like also to bear witness to the helpful cooperation which the War Industries Board at all times received from all departments and agencies of the Government.

All our efforts, however, would have fallen short had not the entire country responded in a whole-hearted manner. Unlimited credit is due the industries of the country, employers and employees alike, for the way in which they responded to all calls made upon them. Actuated by the desire to serve and not to profit, they pursued the common purpose of bringing the war to successful conclusion, in a manner in which every American may well take a just pride.

Very sincerely yours,

BERNARD M. BARUCH.

The PRESIDENT,
THE WHITE HOUSE.

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829 THE WHITE HOUSE,
Washington, November 30, 1918.

Hon. BERNARD M. BARUCH,
Chairman War Industries Board.

MY DEAR MR. CHAIRMAN: Allow me to acknowledge the receipt of your letter of November 19th about concluding the labors of the War Industries Board, and to say that while I agree with the conclusions to which you have come, and deem it best, as you do, that the activities of the Board as such should cease with the first of January next, it is with the feeling of very sincere regret that I see this admirable and efficient agency discontinued. I have constantly felt the spirit and quality of the work it has been doing, and it has been a source of great confidence to me in the prosecution of the war that the tasks of the Board were in such hands. I entirely concur in your estimate of the services of your associates, and I want to add my own conviction that the chief cause of the success of the Board and of its happy relations with the departments of the Government has been your own ability, tact, and devotion to duty. It is with the utmost regret that I accept your resignation, and I shall beg that you still not leave Washingon but continue to lend us the advice which has been all along so valuable to us.

As I have told you orally, I think that just the right course is being followed in handing over to the proper permanent Departments those activities of the Board with which the Government ought not permanently to dispose.

Cordially and sincerely yours,

(Signed) WOODROW WILSON.

830 Meeting of the War Industries Board held Thursday, December 12, 1918, at 10:30 A. M., Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Admiral Fletcher; Mr. Brookings; Mr. Frayne; Mr. Peek; Mr. Replogle; Mr. Ingels, Secretary; also Mr. Ritchie.

Organization—Reading of the Minutes.—The minutes of the meetings held Thursday, December 5th, and Tuesday, December 10th, were read and approved.

Organization—Liquidation of the War Industries Board.—Practically the entire time of the meeting was taken up with an open discussion as to the best method to be followed in liquidating this

Board. Mr. Ritchie reported that, with Mr. Peek, he was working out a plan which will be submitted at the next meeting.

Allied Purchasing Commission.—In connection with discontinuing the activities of the Purchasing Commission, Mr. Baruch read the following letter, dated December 4th, signed by Mr. Albert Rathbone, Ass't Secretary of the Treasury, which was addressed to the British, French, Belgian, and Italian Representatives. Judge Ritchie was requested to investigate the powers delegated to the Food
831 Administration, covering purchases of foodstuffs, and advise Mr. Brookings, Chairman of the Price Fixing Committee, with a view of having this cancelled.

DECEMBER 4, 1918.

His Excellency Count V. MACCHI DI CELLERE,
Ambassador Extraordinary, The Italian Embassy, Washington.

MY DEAR MR. AMBASSADOR: The War Industries Board is preparing to relinquish its functions at an early date, and Mr. Baruch has resigned as chairman, his resignation to take effect on January 1st.

At the same time, the changed conditions necessitate narrower limitation on United States advances to allied governments and consideration of proposed advances from viewpoints differing from those adopted before the armistice was signed. It also seems desirable that business should flow back into the ordinary commercial channels as soon as possible.

In these circumstances, the Treasury feels that the existing arrangement with your Government, under which the Purchasing Commission has been acting, should be terminated by mutual consent at an early date, and that all commitments contemplated by your Government and proposed to be met out of United States advances should be taken up with the Treasury itself.

Before this is done all applications to purchase which are pending should be disposed of. I understand a complete list of applications approved by the Commission, in respect to which abstracts of contracts have not been filed with it, has been furnished to your Government, and I hope that final report on such applications to the Commission can be secured from your Government by the 14th instant.

I should be glad to receive, as soon as possible, a statement in regard to the commitments of your Government in the United States at November 11th (or other convenient date in November), showing the gross liability, the reduction already effected by cancellations, the extent of probable future cancellations, and the amount of material, if any, on hand, or to be received on contracts, which is expected to be sold in the United States.

With this information, the Treasury will be in a position to give proper consideration to any requests for advances which your Government may wish to make for the purpose of meeting the commitments in question.

I am, my dear Mr. Ambassador,
Very truly yours,

(Signed) ALBERT RATHBONE.

Same sent to British, French, and Belgian representatives.

832 The meeting adjourned at 11:40 A. M.

(Signed) H. P. INGELS,
Secretary.

833 Meeting of the War Industries Board held December 19, 1918, at 10:30 A. M., Room 909, C. N. D. Building

Present: Mr. Baruch, Chairman; Mr. Brookings; Mr. Frayne; Judge Parker; Mr. Peek; Mr. Replogle; Mr. Ritchie.

Organization—Reading of the Minutes.—In the absence of the Secretary, the reading of the minutes was omitted.

Organization—Dissolution of the Board.—Mr. Ritchie submitted the draft of an Executive Order dissolving the War Industries Board

as of January 1, 1919, except for liquidating purposes, and transferring the wool Division to the Bureau of Markets of the Department of Agriculture and the Division of Planning and Statistics to the War Trade Board.

The draft was approved, and a copy is attached to and becomes a part of these minutes.

(NOTE.—Mr. Barnch later reported that the Executive Order was delivered the same afternoon to Mr. Tumulty, for transmission abroad to the President.)

834 *Legislation.*—Mr. Peek and Mr. Ritchie submitted draft of a bill which, after several conferences with the War Department, they had prepared to legalize war agreements and orders which had not been executed or drawn in compliance with legal requirements, and which draft they thought should be submitted to the War Department, and then to the Military Committees of the Senate and House, with the recommendation that it be substituted in place of the bill on the same subject now pending before them. The draft was approved, and the Chairman was requested to send the same to the said committees, and also to the United States Chamber of Commerce, which was interested in the subject.

The meeting adjourned at 11:30 A. M.

ALBERT C. RITCHIE, *Counsel.*

EXECUTIVE ORDER

Whereas by Executive Order No. 2868, dated May 28, 1918, I established the War Industries Board, with the functions, duties, and powers outlined in my letter of March 4, 1918, to Bernard M. Baruch, its Chairman, and now, by virtue of the armistice and approaching peace, it becomes desirable to provide for the dissolution of said Board, and for the termination of its activities, in the manner hereinafter set forth.

Now, therefore, I, Woodrow Wilson, President of the United States, by virtue of the authority vested in me as Chief Executive and by virtue of the powers conferred upon me by the Act of Congress entitled "An Act authorizing the President to coordinate or consolidate executive bureaus, agencies, and offices, and for other purposes, in the interest of economy and the more efficient concentration of the Government", approved May 20, 1918, as well as by virtue of any and all other Acts of Congress conferring authority upon me in the premises, do hereby order and direct—

That the War Industries Board and all Divisions, Sections, Committees, and subordinate bodies thereof shall terminate and dissolve on January 1, 1919, save and excepting:

1. That if the Chairman finds that the proper performance of any duty duly entrusted to him or to the Board requires the continuance in office of either himself, or of any member or members of the Board or official or officials connected therewith, for a limited period after January 1, 1919, then the Board and any such official or officials thereof may, in the discretion of the Chairman, be continued for such limited period after January 1, 1919, as may be necessary for the performance of such duty, but in no event longer than the proclamation of peace. The appropriations of the War Industries Board shall be and continue available for any salaries and expenses incident to the performance of any such duty.

2. That the powers and functions of the Division of Planning and Statistics of the War Industries Board shall, on January 1, 1919, be transferred to and thereafter exercised by the War Trade Board. There shall be transferred and assigned to said War Trade Board such officials or employees of the War Industries Board, if any, as in the judgment of the Chairman of the said two Boards may be necessary for the performance of the duties herein referred to, and also all papers, files, and records appertaining thereto, and the expenses incident to said duties shall be charged against and paid from the appropria-

tions of the War Industries Board. Upon the completion of said duties, the papers, files, and records aforesaid shall be disposed of as may be hereafter directed by me, and the powers and functions hereby transferred shall thereupon cease and be at an end.

3. That the powers and functions of the Wool Division of the War Industries Board, including particularly those relating to the payment by the dealers or buyers of any sums due by them in accordance with the "Government Regulations for handling wool clip of 1918", as established by said Board on May 21, 1918, and the disposition of such payments, shall, on January 1, 1919, be transferred to and thereafter exercised by the Bureau of Markets of the Department of Agriculture, until such time as the affairs and duties of said Division, uncompleted on said date, shall have been finally completed and wound up. There shall be transferred and assigned to said Bureau of Markets such officials or employees of the War Industries Board, if any, as in the judgment of the Chairman of the said Board and the Chief of the said Bureau, may be necessary for the performance of the duties herein referred to and also all papers, files, and records appertaining thereto and the expenses incident to said duties shall be charged against and paid from the appropriations of the War Industries Board. Upon the completion of said duties the papers, files, and records aforesaid shall be retransferred by the Bureau of Markets to the liquidating officer of the War Industries Board and the powers and functions thereby transferred shall thereupon cease and be at an end.

4. That the powers and functions of the Price Fixing Committee of the War Industries Board shall continue until such of the prices already fixed by said Committee, as will not expire on or before January 1, 1919, shall have expired, and the appropriations of the War Industries Board shall continue available for expenses incident to such continuance. Upon the expiration of all of such prices, the papers, files, and records of said Committee shall be delivered to the liquidating officer of the War Industries Board, and the powers and functions of the Price Fixing Committee shall thereupon cease and the Committee shall be and stand dissolved.

5. That if any of the orders, directions, regulations, or functions of the Board, or any of its Divisions, Committees, Sections, or subordinate bodies (other than such as have heretofore been provided for in this Order) cannot, in the judgment of the Chairman, be finally abrogated, released, complied with, or fulfilled with due regard to the interested involved, before January 1, 1919, then the Chairman shall designate the same to the War Trade Board, and the powers and functions now possessed by the War Industries Board with respect thereto shall, on January 1, 1919, be transferred to and thereafter exercised by the War Trade Board, until such time as such orders, directions, regulations, or functions shall have been finally abrogated, released, complied with, or fulfilled. There shall be transferred and assigned to the War Trade Board such officials or employees of the War Industries Board if any, as in the judgment of the Chairman of the two Boards, may be necessary for the performance of the duties herein referred to, and also all papers, files, and records appertaining thereto, and the expenses incident to said duties shall be charged against and paid from the appropriations of the War Industries Board. Upon the completion of said duties, the papers, files, and records aforesaid shall be retransferred by the War Trade Board to the liquidating officer of the War Industries Board, and the powers and functions hereby transferred shall thereupon cease and be at an end.

6. That, except as hereinbefore provided, the War Industries Board shall continue after January 1, 1919 for the sole and only purpose of winding up its affairs, and of arranging, completing, indexing, and inventorying its papers, files, records, accounts, property, and effects, and of lawfully disposing of the same as soon as practicable and advisable; and for this purpose the Chairman may appoint a liquidating officer, who shall have such powers as may be necessary for the proper performance of said work, including the right to submit the papers, files, records, and accounts of the Board to inspection by those duly authorized or entitled to inspect them, and with power also, on behalf of the Board, to continue and engage and pay such employees and to incur such expenses as may be necessary for the performance of the duties aforesaid; and also, on behalf of the Board, through such disbursing officer as he may continue or employ, to draw upon the Board's appropriations therefor, and also to draw upon such appropriations for any salaries, expenses, or obligations of the Board due and unpaid on January 1, 1919, or thereafter incurred pursuant to this order.

This Order shall be effective from its date, the day of December 1918.

MEMORANDUM

The Executive Order dissolving this Board having been signed by the President, in the form already inserted in these Minutes, the Chairman appointed Mr. Albert C. Ritchie, the Board's Counsel, Liquidating Officer of the War Industries Board, the original letter of appointment being hereto attached.

The Wool Division of the War Industries Board was duly transferred to the Bureau of Markets of the Department of Agriculture, in accordance with section 3 of the Executive Order, and the original agreement between Mr. Baruch and Mr. Brand, Chief of the Bureau of Markets, designating the employees transferred, and also copy of letter from Mr. Ritchie to Mr. Brand with reference to the extent to which the appropriation of the War Industries Board should be drawn upon for continuing this work under the Bureau of Markets, are hereto attached.

The Division of Planning and Statistics of the War Industries Board was duly transferred to the War Trade Board, in accordance with section 2 of said Executive Order, and the original agreement between Mr. Baruch and Mr. Woolley, Vice Chairman of the War Trade Board, designating the employees transferred, and also copy of correspondence between Mr. Ritchie and Dean Edwin F. Gay, Director of the Central Bureau of Planning and Statistics, with reference to the extent to which the appropriation of the War Industries Board should be drawn upon for continuing this work under the War Trade Board, are hereto attached. Mr. Ritchie sent copies of these papers to the War Trade Board.

The amounts of the War Industries Board Appropriation which were thus made available for the War Trade Board and the Bureau of Markets, respectively, for the said purposes, were afterwards transferred to the War Trade Board and to the Department of Agriculture, Bureau of Markets, pursuant to the request from Mr. Ritchie to the Secretary of the Treasury, dated January 23, 1919, a copy of which is attached.

These two transfers having been made, the activities and functions of the War Industries Board ceased as of January 1, 1919, except for winding up the Board's affairs under the supervision of the Liquidating Officer.

UNITED STATES WAR INDUSTRIES BOARD,
BERNARD M. BARUCH, *Chairman*,
Washington, December 27, 1918.

ALBERT C. RITCHIE, Esq.,
General Counsel War Industries Board,
Washington, D. C.

DEAR SIR: Pursuant to Section 1 of the Executive Order of the President dissolving the War Industries Board, you are hereby continued in your office of General Counsel of the War Industries Board for such period after January 1st, 1919, as may be necessary for legal service and advice incident to winding up the Board's affairs, and pursuant to Section 6 of the said Executive Order you are hereby appointed liquidating officer of the said Board, with the powers and duties in said Section 6 set forth.

Very truly yours,

(Signed) B. M. BARUCH, *Chairman.*

UNITED STATES WAR INDUSTRIES BOARD,
BERNARD M. BARUCH, CHAIRMAN,
Washington, December 27, 1918.

TRANSFER OF WOOL DIVISION OF WAR INDUSTRIES BOARD TO BUREAU OF MARKETS OF DEPARTMENT OF AGRICULTURE

The above transfer having been made as of January 1st, 1919, by Executive Order of the President, the undersigned, in accordance with Section 3 of said Executive Order, this 27th day of December 1918, do hereby designate the following officials or employes of the Wool Division of the War Industries Board as necessary for the performance of the duties thus transferred to the Bureau of Markets of the Department of Agriculture, and such officials or employes are hereby transferred and assigned to the said Bureau of Markets for said purposes:

W. D. McKellar	$4,000 per annum
Robert S. Bickford	2,400 per annum
Miss Josephine M. Aubrey	1,600 per annum
Miss D. Margaret Gangney	1,400 per annum

(Signed) B. M. BARUCH,
Chairman War Industries Board.
(Signed) CHARLES J. BRAND,
Chief Bureau of Markets.

UNITED STATES WAR INDUSTRIES BOARD,
BERNARD M. BARUCH, CHAIRMAN,
Washington, December 27, 1918.

TRANSFER OF DIVISION OF PLANNING AND STATISTICS OF WAR INDUSTRIES BOARD TO WAR TRADE BOARD

The above transfer having been made as of January 1st, 1919, by Executive Order of the President, the undersigned, in accordance with Section 2 of said Executive Order, this 27th day of December 1918, do hereby designate the officials or employes of the Division of Planning and Statistics of the War Industries Board designated on the attached memorandum as necessary for the performance of the duties thus transferred to the War Trade Board, and such officials or employes are hereby transferred and assigned to the War Trade Board for said purpose.

(Signed) B. M. BARUCH,
Chairman War Industries Board.
(Signed) CLARENCE M. WOOLLEY,
Vice Chairman War Trade Board.

JANUARY 21, 1919.

Mr. CHARLES J. BRAND,
Chief Bureau of Markets,
Department of Agriculture, Washington, D. C.

DEAR MR. BRAND: I spoke to you the other day about the amount of the War Industries Board appropriation which would be available to the Bureau of Markets for continuing the work of the Wool Division of the War Industries Board, which has been transferred to the Bureau of Markets under executive order of the President.

As I told you then, Mr. Baruch's understanding was that the sum required from us would not exceed $10,000; and he asked me to see that our appropriation was not drawn on for more than this. While I do not mean to say that I have no discretion at all in the matter, yet in view of Mr. Baruch's statement to me of his wishes, I feel that the liability of the War Industries Board appropriation ought to be confined to $10,000. Indeed, with the other demands upon our appropriation, it will be practically impossible to allow more unless we draw upon our deficiency appropriation, which the Board decided it was unwilling to do.

You understand also that our appropriation only runs until July 1, 1919, so that this $10,000 would take care of the four employees transferred to you and also allow a very substantial addition to them.

I am writing you this because our Disbursing Officer has arranged with the Treasury for the transfer to the Bureau of Markets of the portion of our appropriation which you will use. I am requesting our Disbursing Officer to attend to the details of the transfer, and am writing to let you know that for the reasons given I regret very much that we will not be able to allow more than the $10,000.

Very truly yours,

(Signed) ALBERT C. RITCHIE.

WAR INDUSTRIES BOARD,
Washington, December 26, 1918.

To: B. M. Baruch.
From: Division of Planning and Statistics.
Subject: Transfer of members of Division of Planning and Statistics to War Trade Board.

In accordance with the terms of the executive order, a copy of which was given me by Judge Ritchie, I beg that the following persons be transferred to the War Trade Board, with salaries as indicated, effective January 1, 1919:

Averill, W. A	$3,600
Anderson, Susie L	1,320
Barber, William A	3,000
Barnes, Eva M	1,300
Barton, Elizabeth C	1,600
Benjamin, E. Gail	1,400
Booth, Viva B	1,500
Bottlemay, Anna M	1,080
Bowler, Marion	1,200
Bowman, Maude M	1,000
Brooks, Arta	1,080
Brown, Elizabeth C	1,400
Carey, Elizabeth	1,600
Curran, John M	3,500
Danforth, Mary L	1,800
Davies, Martha	1,200
Day, Ira R	1,500
Fairchild, Grace M	1,600
Finnegan, Katherine	1,200
Fowler, Eliza M	1,200
Fuller, Marvyl	1,200
Gager, Dorothy H	1,200
Gallagher, Ella	1,200
Garrett, Paul W	3,000
Goldsmith, Margaret L	1,800
Green, Julia E	1,500
Herbst, Edith C	2,000
James, A. E	3,000
Jennings, Helen E	1,200
Kagan, Leo B	1,800
Kehr, Florence I	1,500
Kines, Welby T	600
Koch, John	1,800
Lewenberg, Hary L	3,300
Lippard, Mildred E	1,000
Long, Alma I	1,200
Lubin, Isador	1,800
Magee, Mary E	1,400
Maxwell, Lloyd	2,400
McAlee, Alice	1,000
McCarty, Alice	1,200
Middaugh, Florence K	1,400

Mitchell, Blanche	$1,600
Mitchell, W. C.	3,600
Moynihan, Mary	1,000
Owen, Elizabeth	1,200
Porter, Clementine	1,320
Potterton, Elmer	720
Price, Ann	1,400
Ray, Anna	1,000
Ray, Elsie	1,500
Reilly, Hazel F.	1,320
Richards, Collette	1,400
Ritter, Dorothy	1,200
Ryan, Marie E.	1,500
Sandmeyer, Ida V.	1,200
Schmuckler, J.	1,800
Selden, Ernest L.	2,000
Shelton, Katherine	1,200
Smith, Cora G.	1,200
Snodgrass, Elizabeth	1,200
Snodgrass, Katherine	1,800
Staken, Rosaline	840
Stark, Sadie L.	1,500
Stewart, Stella	1,500
Stewart, Walter W.	3,600
Stoker, Ruth	1,400
Tazlaar, Marguerite	1,200
Thomas, William R.	1,500
Van Wye, Myrtle	1,800
Wade, Irene	1,200
Wallace, Herman S.	1,200
Weeks, Francis P. (Mrs.)	1,200
Wilkinson, Blanche M.	900

The above are all to carry on the work of the Price Section under the direction of W. C. Mitchell.

I also request that the following be transferred to the War Trade Board and be assigned to the Industrial Conditions Section under the direction of Mr. L. K. Frank:

Batson, Winifred C.	$1,200
Dunham, Esther	1,400
English, Carrie B.	1,080
Frank, L. K.	3,000
Hamilton, Cora M.	1,200
Jackson, Charles D.	1,200
Parker, Clara L.	1,400
Rosenzweig, Charles L.	1,200
Simpson, Myrtle G.	1,200
Tomlinson, Mary W.	1,080

(Signed) H. R. HARTFIELD, *Director.*

[Copy]

JANUARY 1, 1919.

Dr. E. F. GAY,
121 Interior Building, Washington, D. C.

MY DEAR DEAN GAY: I beg to confirm the understanding reached by Mr. Baruch, Mr. Peek, you, and myself on December 27, 1918, with reference to further expenditures from the President's fund for the Central Bureau of Planning and Statistics and from the War Industries Board's funds for the Division of Planning and Statistics of the War Industries Board.

Mr. Baruch will requisition the President's fund as usual for the December 1918 expenses of the Central Bureau, but after that he will make no further disbursements from the fund. Beginning with January 1, 1919, all disbursements from the President's fund for the Central Bureau will be made by someone other than Mr. Baruch whom the President will designate for this purpose. Mr. McCormick has a memorandum on the subject from you for presentation to the President when he sees him abroad, and the President will doubtless cable back his selection.

The Division of Planning and Statistics of the War Industries Board has been tranferred, under the Executive Order of the President, to the War Trade Board as of January 1, 1919, and the expenses thereof after January 1, 1919, will be paid from the funds of the War Industries Board, up to but not exceeding the following amounts, respectively:

Price Section	$40,000
Telegraphic Labor Service	8,000
Statistical Work	6,000

When these amounts have been, respectively, expended, then the funds of the War Industries Board, will no longer be subject to the payment of any further expenses of any kind for the said Division of Planning and Statistics.

I will be very much obliged if you will kindly confirm this.

Very truly yours,

(Sgd.) ALBERT C. RITCHIE.

CENTRAL BUREAU OF PLANNING AND STATISTICS,
116 NEW INTERIOR BUILDING,
Washington, D. C., January 4, 1919.

Mr. ALBERT C. RITCHIE,
War Industries Board, Washington, D. C.

MY DEAR MR. RITCHIE: I have received your letter of January 1 in regard to the understanding concerning the expenditures for the Division of Planning and Statistics from the War Industries Board fund, and for the Central Bureau of Planning and Statistics from the President's Fund. I desire, herewith, to confirm the statements made in your letter as being in accordance with my understanding of the arrangements agreed upon.

I am,

Very truly yours,

(Signed) EDWIN F. GAY, *Director.*

JANUARY 23, 1919.

SECRETARY OF THE TREASURY,
(Div. of Bookkeeping & Warrants),
Treasury Department, Washington, D. C.

SIR: I enclose you copy of Executive Order dissolving the War Industries Board (except for winding-up purposes) as of January 1st, 1919, and also copy of cable stating that the same was signed by the President. Also copy of letter from Bernard M. Baruch, Chairman of the Board, appointing me Liquidating Officer of the Board, with the powers set forth in Section 6 of the Executive Order.

In conformity with the terms of paragraphs two and three of this Executive Order, the powers and functions of the Division of Planning and Statistics of the War Industries Board are transferred to the War Trade Board as of January 1st, 1919; and the powers and functions of the Wool Division of the War Industries Board are transferred to the Bureau of Markets of the Department of Agriculture, as of the same date. This Executive Order also provides that the expenses incident to the duties of these two divisions shall be paid from the appropriations made for the War Industries Board, which is in conformity with the provisions of the Overman Act of May 20th, 1918.

The Chairman of the War Industries Board and the Chairman of the War Trade Board have agreed upon the sum of $54,000.00 as the amount to be transferred from the proper appropriation of the War Industries Board to the War Trade Board, for the purpose of defraying the expenses of the Division of Planning & Statistics beginning with January 1st, 1919. The War Industries Board having paid the salaries of this Division from January 1st to 15th, 1919, amounting to the sum of $5,300.00, the amount now to be transferred is $48,700.00.

It is, therefore, requested that the sum of $48,700.00 be transferred from the appropriation "Salaries and Expenses, War Industries Board, 1919" and placed to the credit of the War Trade Board.

The Chairman of the War Industries Board and the Chief of the Bureau of Markets, Department of Agriculture, have agreed upon the sum of $10,000.00 as the amount to be transferred from the proper appropriation of the War Industries Board to the Department of Agriculture for the purpose of defraying the expenses of the Wool Division, beginning with January 1st, 1919. It is, therefore, requested that the sum of $10,000.00 be transferred from the appropriation "Salaries and Expenses, War Industries Board, 1919" and placed to the credit of the Department of Agriculture, Bureau of Markets.

In this connection you are advised that according to the records of the Disbursing Office of the War Industries Board there are available for the purpose of making these transfers, sufficient funds in the appropriation "Salaries and Expenses, War Industries Board, 1919", exclusive of all requisitions drawn against that appropriation and accounts which have been forwarded to the Auditor for the State and Other Departments for direct settlement.

Respectfully,

(Signed) ALBERT C. RITCHIE,
Liquidating Officer.

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Judge Lovett's letter to present re price fixing of (2/6/18)	462½	203
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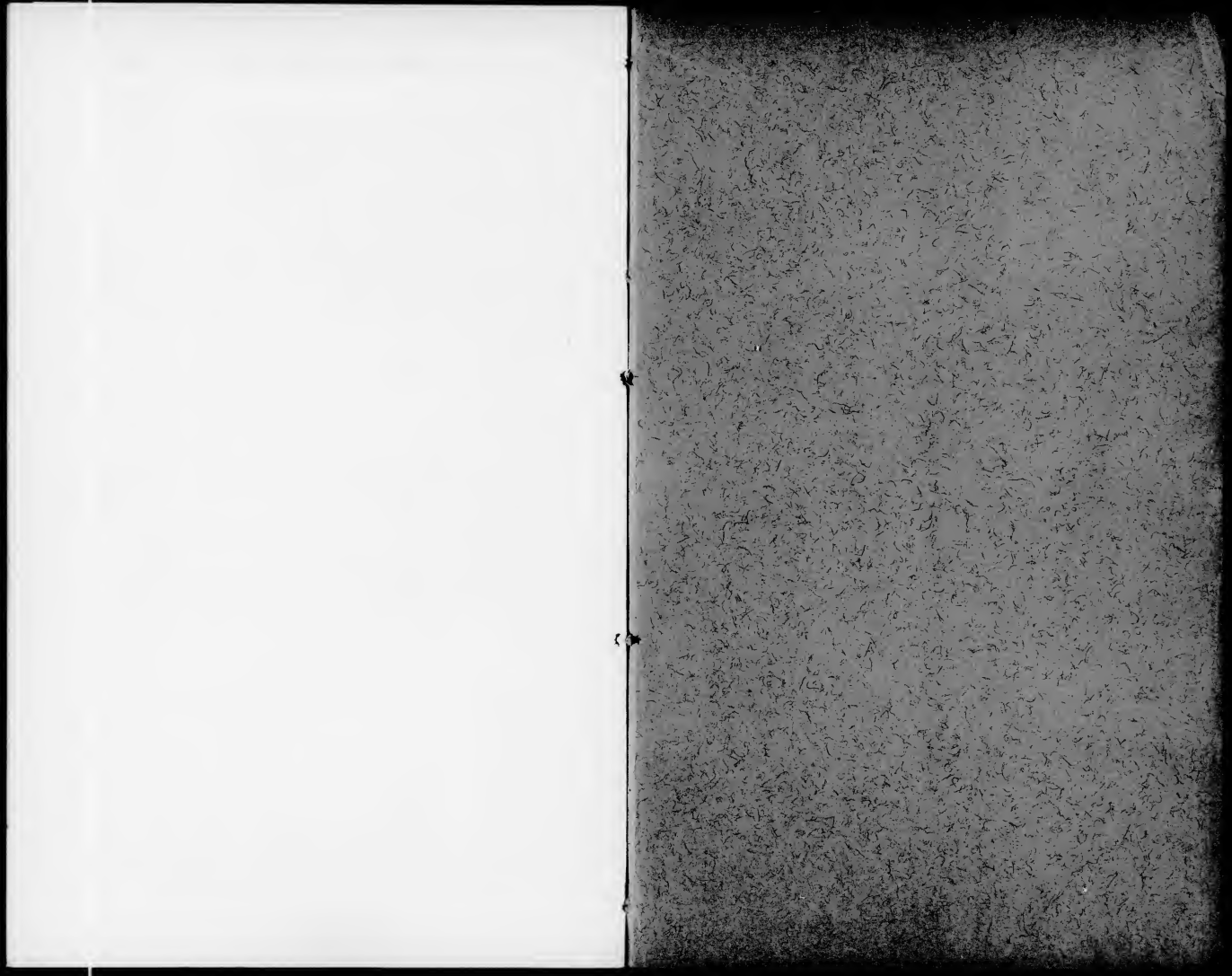

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